

MILLARD'S REVIEW OF THE FAR EAST

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Should America "Cooperate" With Japan in China?

The Political Situation

The American Note to China

By T. R. Jernigan

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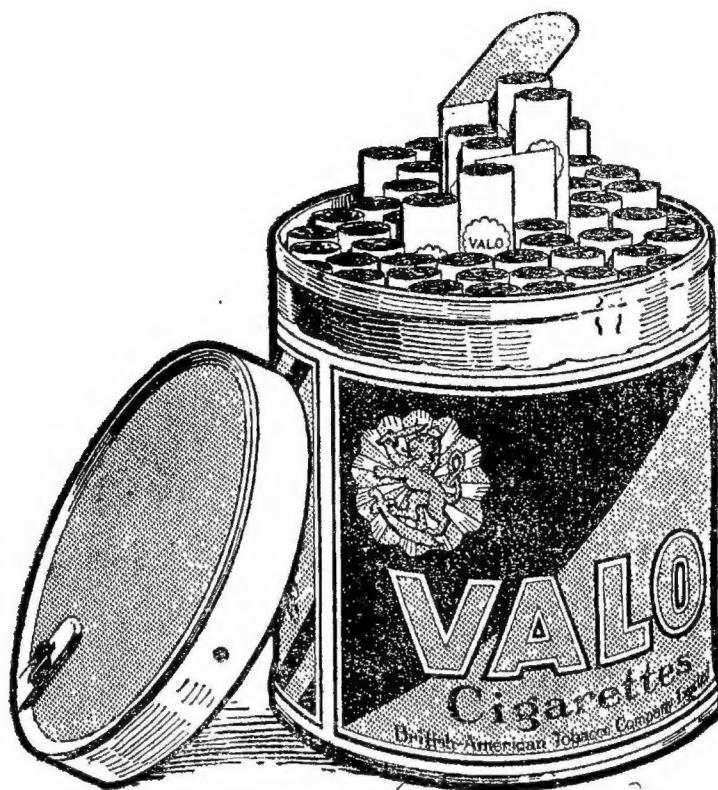
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EVENTS in China during the last week have marked time in respect to the internal political situation; but some encouragement can be taken from the fact that the breach between the factions has not apparently widened. Chang Hsun still holds the center of the stage at Peking, and his every move contains interest. Considerable commotion was caused by him making an ostentatious visit to the young Manchu ex-Emperor, when he performed the "kow-tow" and other rituals formerly attached to the Throne. However, it is reported that while thus making personal obeisance in the old style, Chang Hsun at the same time advised the imperial family that it is not expedient to try to restore the monarchy, as the prevailing sentiment of the country is opposed to it. Coming from a man who always has been for the monarchy, this advice undoubtedly will strongly influence the imperial house, and will deter it (in case it has any thought of attempting a restoration, which is doubtful) from trying to take advantage of present conditions to

foment trouble and inject another cause for dissension. If Chang Hsun did so advise the young ex-Emperor, he spoke wisely; for there is very little sentiment in China now favoring a restoration of the Throne. Even the Military Party hardly wants to go that far, from what is known of the opinions of its leaders. The members of the imperial house are better off, and safer, in their present retirement than they would be if launched on the troubled waters of Chinese politics; and they probably know it too.

WHATEVER is being done by way of affecting a compromise between the factions, those who have the matters in hand are keeping very quiet. Meanwhile, a majority of the members of the dissolved Parliament are assembling in Shanghai, and some of the leaders have announced a purpose of that body to organize here, and to insist on a right to function. This seems not only a foolish, but also a somewhat dangerous policy, and one which is likely to involve these Settlements in an embarrassing way. On the face of things, to have a Chinese Parliament, after being dissolved at the national capital, coming into a foreign municipality where it is outside Chinese jurisdiction, and affecting to sit as a part of the Chinese Government, is superlatively ridiculous. What really is intended, without doubt, is to make these Settlements a headquarters and focus for organizing an internal rebellion, or "independence" movement; and I would think that we have seen enough of that. As long as the foreign nations continue to recognize whatever exists at Peking as the Government of China, the members of the dissolved Parliament, in Shanghai or anywhere, have no official status; and what they do in opposition to the Government can only be regarded as the acts of individuals, and be judged legal or illegal according to the nature and character of their acts. After all, if the members of

Parliament are sure (as they claim) that the sentiment of the country is with them, what have they to fear from another election? The fact seems to be that very few of these members would be reelected, because even in their own districts they are not so highly regarded as formerly, after their failures during the last few years. It sifts down to the usual struggle for factional, or party advantage. This Parliament has been controlled by the Kuomintang, or Liberal Party; which fears that if there is an election it will not have a majority in the next Parliament; or in case the returns show them in a majority, that means will be found to count them out, and to seat a majority of their opponents.

HOWEVER that may be (and the assumption is plausible), it is evident that there is no hope to have anything like a functioning Government in China until there are a Ministry and a Parliament at Peking which are controlled by the same party. How long could the British or French governments function if the Ministries were to get at loggerheads with the legislatures? One or the other would have to give way. Depending on custom and constitutional form, either the Government would dissolve the legislature and call a general election, or the Ministry would resign under the disapproval of Parliament. At Peking, Parliament has been claiming that the Ministry ought to get out of the way, and permit a Kuomintang ministry to take office; but the Military Party, having the real power, did not see it that way, and sent Parliament packing. So there you are. To onlookers, it seems much like six of one and half a dozen of the other, so far as political expediency and morality go. One result of this situation is to make republicanism, as practiced in China, look rather ridiculous and feeble.

FOR the time, more interest has been evinced in the Note of the American Government to China, and its effort to have certain other nations join with it in this pacific advice, than in phases of internal politics. There is some obscurity about the sending of this Note, as to time and circumstances; but it seems to have been the intention of the American Government to present the Note to China, and at the same time to provide other nations with copies of it, asking them to address China in similar terms. Evidently it was not intended to make action by America in any way dependent or conditional on conjunction with any other nations, for the Note was presented independently, without waiting for replies from other Powers. These replies have now been made, to the effect (as to Great Britain and France at least) that while they agree in principle with the advice given by America and with its objects, they are inhibited from joining in the advice. Analized, this hardly can mean anything else than that Great Britain and France, at some previous time, have

made engagements (probably with Japan and Russia, or with either) which are not abrogated, and which deter those Powers from acting with America at this time.

PERHAPS one purpose of the American Note was to bring this revelation. If Great Britain and France think the American advice sound in principle, and correct as to objects, why not join with America in trying to influence China by friendly moral suasion, in the interest of maintaining peace among Chinese at this time, and probably also with the additional object of finding a way peacefully to sustain democratic institutions in this country? The answer logically must be that, at some time within the last few years, perhaps since the great war began, Japan has wrung commitments from these Powers regarding their policies in China. If this is true, then undoubtedly America wants to know it, and the way has been paved to find out exactly what the status is. The time is coming when, in the Far East as well as in Europe, all the hold-over agreements of the secret school of diplomacy, which played so powerful a part in getting the world into this war, will have to be put face up on the table. This is the intimation carried in world politics by this American Note to China. It is indicative of fundamental diplomatic moves that are taking place as a result of entrance of America into the war.

DEPARTURE for home of the last representative of the Chicago group of bankers who made a loan of G. \$5,000,000 to China some time ago, and who have for some time been negotiating at Peking with a view to making an additional loan of G. \$25,000,000, brings these negotiations to a standstill. Thus with every prospect of fruition, notwithstanding oblique diplomatic obstruction in some quarters, another attempt to create an American investment in China, and to build up a market for Chinese securities in America, has been at least temporarily frustrated by Chinese themselves. For these negotiations were suspended from lack of a Chinese Government to deal with, rather than because of any fundamental difficulties about the transaction itself. Will it ever occur, I wonder, that this question of loans to China can be disassociated from Chinese political factional squabbles? At hardly any period, since the first revolution, has it been feasible to conduct loan negotiations at Peking without running foul of opposition of a Chinese party, which was trying to prevent its opponents in the Government from obtaining funds. Thus loans sadly needed for useful purposes and administrative stability have been made the football of party politics, and have been struggled for, or opposed, according to which faction would have the spending of the money. In this latest instance, the American bankers had no course except to negotiate with the Chinese Government

which is recognized by the American Government. Before the transaction could be concluded, this internal crisis occurred; and thereafter the Kuomingtang party protested against the loan on the ground that the money, in the hands of the Government, would be used to crush liberal institutions in China. Telegrams were sent to the American press voicing this contention, and an effort was made to show that, if the American Government aided in putting the loan through, it would be using its power to exterminate republicanism in China. One cannot now foretell a time in China when this contention cannot be advanced by whatever faction is not in control of the Government; and if it is to be taken as a valid reason against foreign loans, then it becomes tolerably clear that foreign loans, and especially American loans, cannot be made. Just now this outcry is raised by the members of the dissolved Parliament sojourning in Shanghai, who at the same time openly announce plans for raising funds to promote a rebellion. The lesson of these circumstances seems to be that, after the war, the question of foreign loans in China must be made subject to an international formula supported by enough Powers to make it effective.

JAPAN has followed the example of the principal Allied nations of Europe, and is sending a commission to America composed of eminent Japanese. The Japanese press attaches great importance to this visit, and no doubt it will be given considerable prominence in the United States, where it will be "boosted" by the full machinery of Japan's organized publicity there. I am very glad this commission is to visit the United States at this time, but hardly for exactly the reasons which the Japanese press advances. The well-worn formula, "to create a better understanding in America of Japan's true purposes," which is the ostensible purpose of the visit as ascribed by the Japanese press, is of course merely the customary balderdash. Such visits of Japanese, and Japan's propaganda in America, have heretofore been used principally to prevent Japan's purposes from being understood there. I regard the purposes of this mission as follows: First, to get into the limelight along with the other Powers before the American public, so as absorb some reflected popularity and to keep Japan's viewpoint to the fore; Second, to insinuate Japan's theorem of adjusting the war issues as they apply to the East into the thought of the American people and American Government. Of course, this is perfectly legitimate from Japan's standpoint, and is just what the special missions of other nations went to America to do in their own behalf. Without doubt, the Japanese mission will be received as politely as the other missions were, and what the commissioners have to say will be listened to seriously. In one way, however, I think the Japanese press is a little

wrong in perspective on the mission, and its effects in America. It assumes rather too much that these eminent Japanese will tell a lot to Americans, and is inclined to ignore what Americans may tell these Japanese. I welcome, and the American Government should also welcome, this chance to tell Japan privately, but in perfectly plain terms, how the United States regards some of the fundamental problems connected with Far Eastern conditions and politics; and to make it plain to Japan that hereafter the United States intends to interest itself actively in the solution of these questions. Once this is accepted in Japan as a fact, there will be a great and I hope a permanent improvement in the relations between Japan and America.

ONE thing that ought to be impressed on these commissioners is that the United States will not submit to being thrust into the position of a satellite of Japan in respect to China; nor of Europe either. Emphasis of this point need not mean nor display any suggestion of antipathy to Japan, or of opposition to her legitimate commercial expansion in China, or anywhere; nor of indisposition of Americans, or the American Government, to cooperate with Japan whenever cooperation is legitimate and feasible. But America, in dealing with China, should remain a free agent, with full independent powers of action in matters of particular interest to our nation and which are or should be outside the scope of intervention by other nations. We allow this position to Japan, and should insist on retaining it for ourselves. I have no patience with publicists in America who are disposed to concede a contention so frequently advanced by the Japanese semi-official press, that under the Root-Takahira Agreement the United States Government is required or obligated to consult Japan before taking important steps in China. Recently, according to reports telegraphed from America by Japanese news services, the New York Evening Post, a leading pacifist organ, argues that the United States "should understand Japan's special predominance in China, and not take any diplomatic action there without first consulting Japan, because there is a convention, etc." The Japanese papers garble utterances of this kind so frequently that I may be doing the Evening Post an injustice to credit it with having advanced this argument, but it is in line with utterances of that paper that I have seen before. There are few spectacles more pitiable than extreme pacifists in a panic, and of late the Evening Post is in that state almost perpetually. But when it advances (if it has done that) the argument that the Root-Takahira Agreement commits the United States to consult Japan in all diplomatic moves made in respect to China, it takes an utterly untenable position, which will not bear analysis.

THE Root-Takahira Agreement consists of identic notes exchanged between the then Japanese Ambassador at Washington and Elihu Root, then Secretary of State, by which both Governments, in identical terms, engage to sustain the *status quo* in China and the principle of equal commercial opportunity here and the territorial integrity of China. Article 5 says: "Should any event occur threatening the *status quo* as above described or the principle of equal opportunity as above defined, it remains for the two Governments to communicate with each other in order to arrive at an understanding as to what measures they may consider it useful to take." Does this seem to require the United States to consult Japan previous to sending a Note to China, which is aimed to sustain the principle of the Root-Takahira convention? And if it should be so construed, does it not bind Japan in exactly the same way? Does the Japanese press contend that, before taking any steps in China, Japan must previously consult the United States, under the terms of the Root-Takahira convention? And if so, why did not Japan previously inform the United States of her intention to present the famous twenty-one demands to China? The assumption that this last American Note need first be vised by Japan before being presented to China is preposterous, and efforts to inject this idea into American opinion and policy, and into Chinese thought, should be resisted.

DURING the last week the British have continued their offensive in the Ypres region, and they report having made considerable advances—that is, as advances have come to be reckoned in this war of attrition, a few hundred yards or so. Elsewhere in the West, and on the other fronts, there has been little activity. The U-boat warfare continues, but there is not much news throwing light on its actual effect upon the situation as a whole. Ships are being sunk all the time, and U-boats are also being sunk. There is no doubt that a great drain is being made on some resources of the Allies; but the eventual result is a question of proportions, and these have not yet been accurately defined. Meanwhile, further measures are being taken by the Allies to offset the U-boat activities, and the United States for the first time is participating in these measures. It is reported by Reuter that the United States will take control over all food exports, and especially exports to neutral countries, with a view to preventing commodities from getting to Germany and Austria; and also that hereafter no vessels will be cleared from American ports to neutral countries where ships of those nations are being held in home ports for safety, or for any similar reasons. This will result in imposing on every neutral nation, in proportion, its share of the disabilities to commerce from U-boat warfare; thus bringing the

meaning home to them.

LITTLE by little, efforts of the belligerent governments to obscure the fact that conditions are moving toward peace are giving way to open discussion of peace possibilities. This is a good thing; for how the world is to obtain peace unless it seriously thinks about how to get it, I cannot see. Peace is not going to bob up suddenly, out of the reek and muck of this war, and say: "Here I am. Now everybody stop fighting and shake hands." Peace will only come after a period of preparation, during which the psychology of the greater part of the human race must undergo a radical shift, and be made ready to accept conditions which, until very recently, their governments have repudiated as impossible of acceptance. Since this is true, I wonder why it is thought necessary or useful to designate information to the effect that Germany and Austria are trying to make peace with Russia and Roumania as evidence of a "peace plot"? We have arrived at a point in this war where nothing is to be gained by calling the other side names, or impugning their motives needlessly. There was a period when, in all belligerent countries, and for effect upon neutral opinion, it might be argued that it was expedient to abuse the enemy, in order to work people up to making sacrifices and sustaining enthusiasm. But that period has long passed. A great majority of intelligent persons have now almost forgotten the counter-accusations about what or who was responsible for starting this thing, and are only interested in order to discover, if possible, how it started so that nothing like it ever can start again. To discover that requires calm reasoning and judgment, not excited recriminations.

EVENTS of the last week throw some light on the general movement toward peace. We

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now know a little more about the efforts of Germany and Austria to make peace with their Eastern enemies—Russia and Roumania. It seems to be true that the Russian and Roumanian governments, while not ready to accept these overtures, are at least listening to them, and only are prevented from opening direct negotiations by the obligation first to inform and consult their Allies. We now know that the new Russian government has notified Great Britain and France of its desire that some terms of the London Pact be modified, and that the British and French governments so far recognize the changes of situation that they have expressed willingness to meet the Russian views. A statement of the Roumanian premier, telegraphed by Reuter, plainly indicates that the Central Powers have offered Roumania peace on terms that restore her territory and give assurances of her autonomy; and much the same proposals have been made to Russia. Now, if this is correct, and the present popular Russian Government (as it has declared) is opposed to continuing the war for the purpose of territorial acquisition or national expansion, then it would seem to follow logically that Russia is opposed in principle to continuing the war to promote these objects of her Allies. In other words, it begins to look like the Central Powers are offering peace to Russia and Roumania on terms which are comparatively satisfactory to those governments themselves, in what they regard as their own interest. The question therefore is whether the other Allied Powers can induce, by argument and demonstration, Russia and Roumania to believe that a continuation of the war until certain conditions are wrung from Germany is essential to the future advantage and security of Russia and Roumania. This argument cannot be carried with the Russians and Roumanians by applying epithets to Germany and Austria, or by calling the peace efforts of those Powers "plots." The efficacy of argument and demonstration by epithet has about ended, for this war; reason is insisting on getting a "look in." It appears that the United States is taking a hand in the persuasion of Russia against a separate peace—or this complexion is being given to the Root mission by Reuter's telegrams to this part of the world. Yet, on the other hand, we are now informed by Mr. Balfour that the United States has not subscribed to the London Pact. As there is little doubt that one purpose of the Balfour mission to America was to urge the American Government to enter the London Pact, it appears that President Wilson wanted more definite information about the real objects of the Allies in continuing the war before committing the United States—in other words, the United States stands something like Russia and Roumania seem to stand, wanting to know. President Wilson positively disclaimed any purpose of territorial expansion or indemnity for America; Russia disclaims such purpose too, and apparently

Roumania also. The London Pact will have to be modified; this is fairly clear.

WE could discuss modifications of the London Pact better if we knew its exact terms and meaning. We only know its announced principles. Evidently it has not been wholly published, for it has been found inexpedient to make public reply to popular demand in Russia for full information about engagements made by the former Russian government with its Allies. I take it that Mr. Root's real mission to Russia, apart from trying to inspirit the Russian government at this juncture, is to discuss these matters with eminent Russians, and to inform them of the probable attitude of the American government toward these questions. There are some things in the London Pact which, I feel sure, are not popular in America—for instance, the combination against the resumption of German trade after the war, and other measures calculated to prolong the animosities engendered by the war, and to perpetuate causes for friction hereafter. But I presume that in France and England there is a revulsion against such proposals by now; or at least that the inexpediency of insisting on them is becoming recognized, as an obstacle to peace. There is little probability of the United States engaging not to make a separate peace until some of these questions are reconsidered in the light of the new situation.

FROM this it seems that whatever real obstacles to peace exist now are contained in questions relating to the adjustment in the West of Europe. There is the apparently irreconcilable issue of Alsace and Lorraine; the status of Belgium, and the Austro-Italian boundary. But Germany has substantially disclaimed (through unofficial channels) any purpose to annex territory in the West, provided she can get some concessions elsewhere. It narrows down, then, to the reconstitution of Belgium as an autonomous State, and an indemnity to enable that country to rehabilitate itself and become self-supporting again. Surely, if it gets to a matter of money to restore Belgium, it will be possible to work out a solution. I think the American people would rather pay for the reconstitution of Belgium themselves than have the war go on for two or three years more on that issue—it would be much cheaper anyhow. A real difficulty is Alsace and Lorraine. In that case deep-rooted human sentiments stand in the way of compromise. Yet something must be done to adjust this question; for it will be hard to get Russians and Roumanians and Americans to drain out their blood and wealth indefinitely in such a cause, however deeply Frenchmen feel about it. In sentiment, a great majority of Americans are with the French in this issue, but it is remote from American life and not closely connected with any of the major ideals of the American people. If a plebiscite of those provinces would show them decidedly in favor of living

under France instead of Germany, then Americans will without doubt feel that their preference ought to be considered. That is the sentimental aspect of it. As to the principle involved, whether one section of a people have the right on their own motion to secede from a nation, Americans had a great issue to fight out on that point once, and it was decided that the right to secede does not necessarily lie with local or sectional popular preference. Off on another tangent are the Balkan and Turkish questions. A profound muddle, about which we can be sure of only one thing—that it cannot be settled rightly by arms alone. This is why humanity is turning more and more hopefully to listen to the whispers about peace.

T. F. M.

Should America "Cooperate" With Japan in China?

IT is almost two years since Baron Shibusawa, then on a specially timed visit to the United States, first began to lay the foundations for the so-called "cooperation" of America with Japan in China. I should say, perhaps, that he put it as asking "Americans" to cooperate, rather than the American Government; for Baron Shibusawa then pretended to be talking to American business men as a representative of Japanese big business interests. But Baron Shibusawa was really aiming at the American Government through the American business world, with a view to influencing its policy toward China; he really was a spokesman of the Japanese Government, for Japanese big business never does, and could not if it wanted to, operate independently of the Japanese Government in matters which touch foreign affairs and international policy. With that beginning, Japan's publicity propaganda has sedulously pushed the "cooperation" idea, until it seems to have taken root in some influential quarters in America outside the Government, with a result that its effects have been strongly felt upon American interests in China, and give signs of having greater effects hereafter.

The gravity of this question hardly can be exaggerated, and the time has come when it seems necessary, in the fundamental interest of not only China and America, but also of the world, to clarify it by examining its bases and principles. Since China is the point d'appui of this "cooperation" idea, then it must or ought to turn on the situation of China, and an elucidation of China's present condition would give the idea definition. A calm study of the situation of China as it exists today discloses, with some qualifying influences, that her immediate (I mean the next decade) future narrows down to two alternatives:—

A. A period during which she will tolerate a benevolent assistance in some of her fiscal affairs, which will necessarily carry with it some limitations of administrative autonomy.

B. A period during which she will be forcibly subjected to an unbenevolent and much more stringent supervision of her fiscal affairs, and a much more severe and extensive limitation of her administrative autonomy, amounting to foreign suzerainty.

The first alternative would carry with it a promising possibility of a complete recovery by China of her administrative and fiscal autonomy in a comparatively short time—perhaps ten years. The second alternative would carry with it almost the certainty of China being a vassal State for an indefinite period. In this connection, it should be understood that in case alternative B prevails, the nations which promote and enforce it will of course pretend that it is alternative A, and in their initial stages these alternatives will present great similarities, making it possible to confuse them superficially.

Unfortunately, it does not rest with China exclusively to choose between these two alternatives, or to reject them altogether. China can now influence the decision only indirectly. The real decision rests with foreign Powers. Whether the first alternative (A) is possible to bring about depends on whether the international agreement known as the Hay Doctrine, or those principles in a new agreement, can be resuscitated. The Hay Doctrine cannot, in my opinion, be resuscitated and maintained hereafter except by the active participation of the United States of America in supporting it. If the United States does not take an active part in restoring and thereafter maintaining the Doctrine, then it is practically certain that alternative B will prevail. Therefore, the application to China of these alternatives depends to a great extent on the course and policy of the United States.

It should be taken as axiomatic, after events of the last three years, that it will not be feasible for the United States to take an active part in sustaining the Hay Doctrine (or its equivalent) unless the following things occur in conjunction and coordination:

1. A resolution of the United States Government so to act.
2. A world diplomacy based on that resolution.
3. Armaments, or their equivalents, sufficient to make this diplomacy effective.
4. The cooperation of American finance and commerce.

Whether the American Government will have the first three of these elements depends largely on how the American people interpret the meaning to them of the great war, and the world position of the nation at the end of the war. Whether American financiers and merchants will operate extensively in China depends on their Government having the first three of the elements I have enumerated. Given that resolution and diplomacy and armaments, it will be possible for the United States to align enough Powers with

it to sustain the Hay or a similar Doctrine. With the United States indifferent or inactive, other Powers probably will be so situated, and so influenced that they will fall in with a policy embraced in alternative B. The importance to China of the course of the United States is obvious, and this gives great interest to moves that are designed to influence the policy of the American Government at this juncture. The "cooperation" plan is in that category, and therefore ought to be scrutinized closely.

To give point to academic argument, practical illustrations are useful, even necessary; and I therefore will point my views of this "cooperation" idea by showing how it has already worked in some instances. To do this requires me to publish matters concerning American projects about which I would prefer to be silent at this time. My desire is to assist and promote in all legitimate ways these and similar projects; but I can see a serious danger to American interests in some tendencies and developments, that ought to be threshed out while there is yet time to correct mistakes, or to prevent them from being repeated in subsequent enterprises. And beside, Samuel G. Blythe, in a striking article in the Saturday Evening Post of May 26, has already given wide publicity to these same matters; in fact, I perhaps cannot do better than to quote something from Mr. Blythe's article. After he has developed a political argument along certain lines, he goes on to say, apropos this same cooperation idea, as follows:

"Furthermore, the Japanese know what the investment of American money in China means, and they are frantically trying to prevent that investment, and even more frantically trying to join with investment they cannot prevent in order that its effect may be lessened to a degree. If there is any person in the United States who pretends to know anything of the politics and policies of the Far East, and especially of Japan, who thinks that Japan is making this present determined effort to join with American investment in China—cooperate—with any other idea than to nullify, so far as possible, the effect that investment will have in the way of lessening Japanese influence and power in China, that person is sadly—altruistically, mayhap, but sadly, none the less—in error."

"Another reason for this change of official attitude in Japan toward the United States was a rather tardy but none the less acute awakening by Japan to the fact that she cannot yet arbitrarily control the financial and trade and commercial destinies of China. Within the past eighteen months the evidences in China of a determination by the American International Corporation, and its subsidiary, the Siems-Carey Company, to operate in China, and the project of a large loan by Chicago financiers, as well as other American demonstrations, caused the adaptable Japanese, who realized that they are not yet strong enough in China to protest or disregard their paper adherence to the Open-Door policy, to about-face and make clever and, it may be, successful efforts to assume the attitude of traditional friendship, in order to hold and to consolidate as much

as they may of their already won advantage. Any portion of a loaf is better than no bread to the Japanese mind. If they can't control they hope to cooperate, and thus half control at any rate.

"I do not know the details of the American end of this cooperation project, for I was in China during its inception and its original discussion; but I do know the Chinese end of it and the Japanese end of it, and I shall set down those phases of the plan as a part of this argument, basing what I have to say on five premises:

"First: The only reason the Japanese desire to cooperate with the United States in China is because the Japanese have concluded they are not, as yet, strong enough to combat well-supported American business enterprise in China, with the idea of diminishing that American business enterprise so far as they may be able, in order that they may retain as much economic and political dominion over China as possible; and not for any other reason.

"Second: Any business cooperation with the Japanese in China that is based upon or recognizes any special or preferential political rights of the position of Japan in China will be suicidal.

"Third: It is the diplomacy of Japan to join with America as a protection to themselves for their Closed-Door policy; for, if America goes into partnership with Japan, America must, if the partnership is to be continued, accept what Japan does.

"Fourth: Every proposition Japan makes to the United States for a cooperative investment in the development of China must necessarily be amended by Americans to include cooperation in the development of Southern Manchuria, Eastern Inner Mongolia and Shantung. Otherwise it becomes merely an extension of Japan's influence elsewhere. There is plenty of opportunity for development in Southern Manchuria, for example.

"Fifth—and most important; American capitalists must realize that when they form any partnership, or enter into any cooperation in such enterprises, they are taking part as Americans simply, as citizens, as a corporation or company, while the Japanese are taking part as a government—that is to say, the Americans are going into partnership, as individuals, with the Japanese Government, notwithstanding what the Japanese proponents, as individuals, may say.

"It is not my intention to decry the good faith or excellent intentions of the American capitalists who are imbued with the cooperation idea; but there are certain elements of the situation that are perhaps not so well known to the bulk of Americans as they might be, and the purpose of this article is purely informative. It would be vain to endeavor to impress on American capitalists the fact that money cannot do everything, or that the decision of money is not the great and wise decision. Millions can do no wrong. That is their creed. So, if American capitalists have decided to cooperate with Japan in China, what they have decided upon must necessarily be the part of ultimate wisdom."

I concur with Mr. Blythe in crediting the honorable motives and sincere purposes of Americans who have been misled by the superficial appeal of the Shibusawa "co-operation" scheme; but I do not agree when he says, "It would be vain to endeavor to impress on American capitalists the fact that money cannot do everything."

With such grave possibilities in this question, surely our men in the statesman-financier class (like Mr. Frank Vanderlip) will give it sound study before even tentatively committing our financial world to it, or permitting this to be done by implication. There is nothing which the National Foreign Trade Council can do that is of more importance to the development of our trade with the East than to elucidate this proposition in all its bearings. More than trade is involved; our national honor and security are closely linked with the decision of this issue.

The most pertinent recent instance (which Mr. Blythe alludes to) exemplifying the practical working of this "cooperation" idea is given by some things that have happened with relation to contracts undertaken in China by the Siems-Carey construction company, an American firm operating in conjunction with the American International Corporation. From their inception, the Siems-Carey undertakings in China have sought and have obtained the support of the American Government, which seemed anxious to demonstrate that it wants to extend all legitimate aid to American enterprises in this country. About the time when Baron Shibusawa visited America as the protagonist of the "cooperation" plan, negotiations were commenced at Peking for the Siems-Carey contracts. Japan's attitude toward such American enterprises is substantially as follows: First, prevent them from getting a contract if possible, by oblique obstruction if it is not expedient to interpose open diplomatic opposition; Second, if the contracts are secured, then try to prevent them from being carried out; Third, if both the two first methods fail, then try to become parties to the contracts.

All these methods were, in this instance, used in turn, and the manner of employing them was very interesting in some of their phases. On returning to Japan after his visit to America, Baron Shibusawa gave interviews which made an impression, and which were subtly interpreted to give the impression, that his mission had been successful, and that the American financial world had agreed to "cooperate" with Japan in China. This interpretation was at once disseminated throughout China by Japan's press propaganda here, and almost succeeded in preventing the Siems-Carey contracts from going through. A *sine qua non* of this transaction, from China's standpoint, was a desire to avoid the use of Japanese capital and supervision in the further extension of China's internal transportation system; and especially in regard to the Grand Canal improvement, which runs partly through Shantung province, where Japan is now claiming, as an evictor of Germany, an exclusive position under the old "sphere" theorem. So when the news was sent broadcast in China that American financiers had decided to cooperate with Japanese (out here everyone knows this means the Japanese Government) in these and other schemes, it at

once aroused such suspicion of the American proposals among Chinese that it came near defeating them. It was thought necessary to communicate this phase of the situation officially to Washington, and thus to elicit an unequivocal denial from the Americans who were to finance the Siems-Carey work. In that case, the deep-rooted suspicion of Japan's motives which now is entertained by a great majority of Chinese was cleverly used by Japan to sow suspicions of America, by ostensibly placing these American projects in Japan's shadow. However, that device was frustrated, and the contracts were signed.

Next came the effort to prevent the contracts, and particularly the canal improvement (which lies partly in Japan's so-called "sphere") from being carried out; and in this the "cooperation" idea was used even more cleverly. The effort was transferred from Peking to New York; and the American Legation, and American representatives of these interests then in China, were astounded one day to hear, via Japanese news services, that an agreement had been made in New York whereby Japanese were admitted to participation in the canal improvement. This was coupled by comments, in Japanese newspapers in China and in the press of Japan, plainly intimating that the Americans had been forced to admit Japanese because of diplomatic representations, thus demonstrating that America was not strong enough to do anything in China without Japan's consent and help. Behind these considerations (in themselves sufficiently damaging to American prestige) lurked the further presumption, that with American concessions in China runs the possibility and the (to China) danger of them being obtained by representing them as purely American enterprises, and being then sold into other national control which is considered invidious to China. And still behind that, was the presumption that the American Government would lend itself to such oblique political machinations.

That is how American national honor comes into such transactions. A good deal has been said, in recent years, [I have done some of the saying myself] about the duty of the American Government strongly to support its nationals in China, and to lend official countenance to financial and commercial enterprises. I think this must be done if we ever are to make headway here, and if we are to be of any effective aid to China. But the assumption of such official action by the American Government must include the assumption that American financial and commercial enterprises so supported will harmonize with the broad national interest, as conceived and practiced by the national foreign policy.

Even before the world war had given a new meaning and a new tendency to both national and international commerce, we who reside in China had come to perceive that a very close relation exists between American commercial efforts in

China and the foreign policy of the American Government; and that only by the consonance of these two elements can a really worth-while advance be made. Formerly we thought of this question principally, or altogether, in terms of the Far East; but we now see that the principle is of world wide application—that American trade in China, and with China, may hinge on events in Europe, or anywhere in the world, which may by indirection affect political and economic conditions here. By this process we reach the conclusion that American Government policy in China cannot be detached from American policy in other parts of the world, but must be coordinated with our nation's foreign policy as a whole. The same principle, it seems to me, also applies to American economic policy in China.

In formulating and practicing their foreign policies Governments are forced, or consider it expedient, at times to take courses that impede and obstruct—or seem to, and at least do discourage some business efforts of their nationals; and which bring, or seem to bring a Government into opposition to business interests. When these frictions occur, some basis of compromise is usually worked out; but if business interests, however important and powerful, become definitely committed to opposition to a fundamental canon of national policy, then inevitably the business interests have to yield. This principle always has held true; and every day that passes witnesses some new accession of the power of States to dominate the affairs of their citizenry. Therefore if, by any mischance or miscalculation, American financial and commercial interests in China should get at cross-purposes with a fundamental issue of broad American national policy, it certainly would retard the development of our trade here, and might react disastrously upon our nation as a whole. Also, if American business policy in China would permit itself, consciously or unconsciously to be placed in an attitude unsympathetic or detrimental to the legitimate aspirations and national rights of the Chinese people, a sound and extensive expansion of American trade here will become impossible.

If the policy of Japan toward China is predicated on a hypothesis expressed by the formula I have designated previously in this article as Alternative B, and American policy toward China is expressed by Alternative A, then if American commercial policy here would "cooperate" with Japan in China on Japan's own conception of a policy and on Japan's terms, it would be placed in distinct opposition to the broader interest of the American nation and to the foreign policy of the American Government. Does the American financial and commercial world want to get into this position? And if it should, wittingly or unwittingly, get into this position, how can it expect to be listened to if it asks the support of the American Government (which to be effective must carry with it the idea that the national power goes with it, which in turn means that the

American people may become involved in war by such issues) in promoting its efforts in China?

Those are the major aspects of this question. I have studied, from such information that I have, to discover what motives those Americans who incline to the "cooperation" idea, and who seem to have committed themselves partly to it by giving Japanese a position of some kind in the canal improvement, have been governed by in accepting that theorem for the expansion of American economic interests in China. Of course, it is denied that political considerations induced the admission of Japanese; but that explanation will not bear analysis. Surely, New York financiers would not have us believe that they, after entering on these engagements, could not finance them without Japanese help, or could not carry out the construction without Japanese expert advice?

What was the reason, then, if not politics? The fact seems to be that American financiers, up to very recently, and perhaps now, have not believed that the United States Government would develop the elements that I have mentioned as being essential for the restoration and enforcement of the Hay Doctrine. It looks like they got "cold feet" as to whether the United States really is or ever will become a real Power in the Pacific Ocean, and thought it better to go on under the aegis of Japan rather than stand pat and run the risk of being turned back. For the moment, the national honor and prestige do not seem to have had much place in their calculations; present expediency was the apparent consideration.

There is another phase to this question that has an influence on the attitude of American finance and commerce. Within the last ten years there has been a shift of conditions which has tended to array a considerable fraction of American trade in the Far East to favor Japan rather than China. As American trade with China has lost ground (a loss in which Japan's policy has played a part), the trade of many American firms with Japan has become more important proportionately, until a condition exists whereby their interests connected with Japan are more extensive and important than similar interests in China. Therefore, while these firms would like to have the door kept open in China, and sympathize with efforts to that end, commercial expediency deters them from being very active in promoting such a policy to an extent that will impair their connections with Japan. One can plainly see this motive in the present psychology of American finance and commerce toward the "cooperation" idea. Now trade with Japan is one thing; trade with China is another. Both America and Japan are good customers of each other, and I hope they always will be; but this simple fact, which applies to our commercial relations with all countries, should not lure our business interests off on a false economic trail. In commerce, Japan is Japan and China is China; just as France is France, Russia is Russia, and so forth.

Japan doesn't trade with us because she loves us, but because of the operation of economic and commercial processes that are of general application to all international trade, and which are moreover constantly shifting, and subject to political influences. Moreover, this particular "cooperation" scheme carries a distinct possibility of setting American interests in China into political antagonism with British, French and other foreign interests.

I want to quote Sam Blythe again, for a moment. He describes how, when the Japanese Government tried to impose its notion of a right to participation with Americans in enterprises in Shantung, the American Legation at Peking politely mentioned some Japanese projects in Manchuria, and suggested that Americans might like to participate there, to which Baron Hayashi, after taking some time to think it over, responded that such American participation in Manchuria did not come within the "cooperation" idea. Mr. Blythe remarks:

Well, there it was and there it is. Japan seeks to cooperate with the United States only in such places in China as Japan does not dominate at the present time. Japan brooks no cooperation or interference in places where Japan has nailed herself down, but will cooperate in places picked out by Japan—and not by America—where Japan thinks Japan can be advantaged in her plans by such cooperation, and American profits and influence diminished.

That really about gets at the heart of this "cooperation" idea as far as it has developed in China. I do not want to be understood as being opposed to any and all American-Japanese cooperation, in China or elsewhere. What I insist on is that in China American cooperation with any other nation will be on lines that conform with traditional American policy, with the sound development of American interests, and with the national integrity of China.

T. F. M.

The American Note to China

BY T. R. JERNIGAN

In view of the political troubles in China the United States addressed a note to the government advising an adjustment of factional disputes in the interest of peace and order. The note is specially friendly and cannot possibly be interpreted as having the remotest purpose to interfere in the domestic affairs of China. Altho' the United States are engaged in the war with Germany, and naturally would welcome an ally like China, the advice given was that whatever intention the government may have with respect to the European war, it should be subordinated to the effort to put an end to domestic disturbances. The record of no nation can show a more disinterested friendship than is here shown by the United States for China. There is no reason whatever why any nation should become excited, and still less for

irritation, because of the entirely unselfish action of the United States.

But if the newspapers of Japan are an index to public sentiment *there*, the evidence is clear that an undue excitement, if not irritation, has been caused by the innocent note. Either to avoid disquietude or to leave no doubt as to the meaning of the note, another of a similar character has been addressed by the United States to the Entente powers, and the answer received. According to the latest cablegrams the answer agreed in principle with that of the note, but does not see the way open for joint action.

There ought not to be, and there is not, any fairly reasonable obstruction in the way of advising China that it is her primary interest to preserve peace and order within her borders. The invitation to the Entente powers to join the United States in offering friendly counsel to China was timely, and looking at the incident on its face, the declination would seem a diplomatic mistake. If there is any contemplated movement behind the diplomatic curtain, and which should not yet be disclosed, it is evident that the United States were not in the secret, and in this part of the world impartial observers of passing events in China are asking, why a secret, if any, of such a character should be withheld from the most powerful nation now at war against Germany. No one can justly arraign the United States with the wish to interfere in the domestic affairs of any nation. The careful policy so long followed not to so interfere has given the government of that country a singular and respectful attitude in international matters for more than one hundred years.

I am not aware that the press of any country have questioned the good faith of the United States as suspiciously as the press of Japan. Some of the directors of public thought in that Empire have even drawn a line of battle across the imaginary advance of the great Republic of the West. Others have written and asked "What would the United States say if Japan were to address a note of like tenor to Mexico?" There is no difficulty in answering this question. Japan need not hesitate to advise President Carranza and the warrior chiefs of Mexico to stop fighting and resume industrial pursuits, for the advice would hardly disturb the equanimity and good feeling of the American press, nor would it be accepted as the foreboding of an exclusive exploitation of Mexico, either with arms or otherwise. If Japan can carry peace to unhappy Mexico by all means let her move that way at once with her friendly advice.

In this connection a reference to the map of China and a few statistics will show how well Japan ought to be satisfied with the progress she has made in the country which the United States have modestly ventured to counsel to keep in the paths of peace. The open door policy has in no sense proved a check to the business aims of Japan.

She entered the door with praiseworthy energy and has been going ahead ever since. There was no stopping like Lot's wife, to look behind. Japan knew what was most needed to promote her interest and, not having it at home, she went over to China to find it.

There are certain natural resources which a nation must possess in order to attain maritime and commercial superiority. The more important of these resources are coal, iron and steel. At one time the coal mines of Japan were productive of the quantity apparently needed, but it is known that her coal fields are being fast exhausted. The iron ore was wholly insufficient, and the experiment made to establish an iron and steel industry by importing these products did not succeed, and Japan was forced to look elsewhere for supplies, or else fail in her ambition to become a great commercial nation. On the Asiatic mainland Japan well knew that there were exhaustless mines of coal and iron, and altho the property of China and Korea, the attempt to acquire possession for her pressing needs was made with the perseverance and tact always characteristic of this wonderful people. The coal and ore in these mines had been under the ground for centuries and probably would have so continued had not the hand of the foreigner dug them out. The insistent policy of China and Korea not to develop anything, to move in no direction, is the reason why Korea has ceased to exist as a sovereign state, and furnished the excuse for what China alleges are aggressions upon her territory and sovereign rights. The earth still revolves, declared Galileo, and nations too must move in some direction.

I have before me a few of the statistics which tell of Japan's enterprise in China. To give that enterprise a momentum and practical realisation presented no difficulties. Russia was charged with endangering the natural expansion and interest of Japan by her steady aggressions in Manchuria and counter-charges of a like import were made by Russia against Japan. All attempts to settle their claims to the territory of a country in which neither had any just claims proved a failure and ended in war. The war ended in Japan becoming the owner of Korea and securing control, the virtual ownership also, of South Manchuria. Japan was aware that near Fusang was a seam of coal estimated by her experts as from one hundred to one hundred and thirty feet thick, eight miles long and capable of producing 2,200,000 tons per year. Being in possession of South Manchuria, the next diplomatic move was to take control of the South Manchurian railroad, which went direct to the Fusang coal mines, and there was no special ceremony in the taking. China was beginning to feel the firm grasp of Japanese diplomacy. There were iron mines and other coal mines, which could be more quickly developed, and the products more conveniently transported by the construction of a railroad from Antung to Mukden. The construction of this

road, in the mind of Japan, would carry with it the privilege of developing all the mines anywhere along the route. This road was built by Japan and it, and the valuable iron and coal mines along the route, are controlled by Japan as absolutely as if the property of the Japanese government. The same rule of diplomacy which was applied successfully in getting possession of the mines and railway lines referred to was the guide in enlarging the mining and railroad operations of Japan in Chinese territory. The visitor to Pen-hsi-hu will see several blast furnaces where more than 80,000,000 tons of 70% of iron ore have already been developed. In the Province of Kirin, which adjoins Manchuria, the Japanese claim the exclusive right to exploit three districts for mining purposes, and the enterprising and tactful diplomats from the Island Empire have built industrial plants and are supplying electric power to the American-owned gold mines in Northern Korea. While shooting pheasants last season on the banks of the Yangtsze River, near Tatung, I came across a coal mine under the control of Japanese and saw that they were building a railroad from the mine to the river. There were several Chinese indifferently looking on and thoughtless of what it all meant to the future of their country.

The war in Europe gave Japan the opportunity to take Tsingtau from Germany. The tactics for the capture of this port, leased by China to Germany, were far-reaching. It was first stated that the attacking force would land at some point near Tsingtau, but the strategy was changed and the soldiers of Japan were landed at Tengchou, on the opposite side of the peninsula, and materially nearer to Peking. The change of strategy allowed of the occupation of a much larger area of Chinese territory and necessitated the building of a military railroad along the old canal bed. After the capture of Tsingtau, Japan began to show her hand more plainly. She asked for, and China gave a written paper in which were set forth that Japan succeeded to all the rights and privileges of Germany, with the appurtenances there to belonging or in any way appertaining. There was the railroad leading from Tsingtau to Tsinan-fu and measuring about two hundred and fifty miles. This was one of the German enterprises, said Japan, and comes under our management as the military heir of Germany. Another appurtenance alleged to be an inheritance from Germany are the coal mines at Fangtse and Poshan. The Germans had a concession to work the iron deposits of Tsing-ling-chen and estimated to contain 30,000,000 tons of 65% ore, and these also were taken over as a succession to German rights.

Tsingtau is in the Province of Shantung and the properties within that province, and described as coming into the possession of Japan, are ostensibly interpreted by her diplomacy as necessitating the assertion of paramount authority in

the whole province as the means of protection. The meaning is that if America, or any other Western nation, should be granted a concession by China in any part of Shantung, it would be a nullity, without the approval of Japan. That is the way matters stand at present in Shantung Province.

But Japan is elsewhere abroad and busy in China and contending for exclusive privileges over large areas of territory in which she may have a concession of any kind. The large steel works at Hanyang, built upon approved modern plans and to furnish material for the arsenals and munitions factories of China and rails to equip Chinese railroads, are supervised by Japanese. They are working the iron and ore deposits at Taochang, Anhuei Province, and have concessions for the large deposits in Fukien, near Amoy.

There are other Japanese enterprises in China no less significant than those named. There is not an arsenal or position of business or military strategy which has not been carefully examined and noted, and the prerogative to say who shall do business in China and the nature thereof is to all appearances a part of Japan's plan to influence the policy of China. When a Western company proposed to advance money for the cleaning out of the Grand Canal, which was cut by the very people the Great Wall was built to exclude from China, Japan quickly interpledged to be made a party to the undertaking. Not long ago China granted a railroad concession to a Western company, and after the proposed route had been surveyed and made public Japan again put in the plea that the road as surveyed would pass through territory in which she had a special privilege. If the representative of a Western bank goes to Peking to execute the proper papers for a loan of money to China the Japanese legation in that capital gets into a fitful flurry, and China is scared off because reminded of some previous obligation to borrow money nearer home.

Since the beginning of the European war the activities of Japan in China have excited the serious attention of Western business men who are familiar with Asiatic conditions. The armed conflict in the West has afforded Japan the opportunity to extend her ambitious enterprises and it has been fully utilized. It has even emboldened the assumption to say to China what she shall do. If the meaning was to enlarge business operations on legitimate business lines there could be no well-founded objection, but to assert that no one must advise China that peace is preferable to civil war is the proof of an unhealthy mentality. If a nation wishes to trade with China or aid in developing the resources of the country it is undoubtedly to the interest of the nation that order should prevail. If the preference is to have China convulsed by domestic disorder then there is the inference to take

advantage of the disorder for an ulterior purpose. The Entente powers have proclaimed to the world that they were fighting to prevent any one nation dominating Europe, and Japan might as well fully understand now as to experience the unpleasant conviction hereafter that no one nation will be permitted to dominate Asia. The gentlemen of the bamboo brush in Japan need not write in a warlike spirit with respect of the proffered good offices of the United States to China, and it is needless for Mr. Zumoto or any other Japanese statesmen to anticipate a challenge. The press of the United States is not in the habit of indulging in belligerent threats, but when it favors war, and the American congress call for soldiers the record shows, in letters of living light, that in one day ten million young Americans stand shoulder to shoulder beneath their flag, and the nation whose call is thus patriotically answered is in due time capable of a similar exhibition of strength on the sea. It can treat with good humor the senseless criticisms of its policy as embodied in the note to China. The United States is not an applicant at the court of any nation for a guardian. That country is of full age and capacity. It can object to being bound by the London Pact or it can advise China.

Week's News Summary.

THE WAR

June 14. American Council of Defence decides to build 100,000 aeroplanes.—American Liberty Loan oversubscribed by many hundred million dollars.—Vienna Socialists demand that Government shall proclaim desire for peace on a basis of no annexations and no indemnities.—Ex-king Constantine leaves Athens.—Zeppelin raider brought down on east coast of England.

June 15. British War office announces 76,067 prisoners captured to end of May.—Allied troops push forward in Thessaly.—British continue offensive in Ypres region.

June 16. Swiss Government shown to be acting as an intermediary between Germany and Russia in promoting peace negotiations.—Grimm, a Swiss subject, expelled from Russia, as being a pacifist German agent.—Duma passes a resolution that a separate peace would be ignoble and treason to the Allies.—French transport Annam sunk in Ionian sea.

June 17. Germans announce that, following British action to the same effect, all war prisoners have been removed 30 kilometres behind the front.

June 18. Bonar Law in British House of Commons foreshadows extensive air operations against Germans as reprisals for recent German raids.—Spanish Monarchist Reform party declares in favor of a Republic.

June 19. Mr. Balfour announces in House of Commons that the U. S. had not adhered to the Pact of London regarding a separate peace.

June 20. N. Y. K. s. s. Sanuki Maru sinks German submarine.—British Government announces 27

steamers over 1600 tons and 5 steamers under 1600 tons sunk during past week.—U. S. Treasury loans Great Britain another G \$35,000,000.

CHINA

June 17. Chang Hsun at Peking "kow-tows" before Infant ex-Emperor.—Cantonese propose that the Civil Governor General Chi Ching Lan, together with General Li shall lead a punitive expedition of thirty thousand troops.

June 18. Extensive floods at Nansien, in Hunan, cause great damage.

June 19. At the meeting held in Peking at the President's Office, which was attended by General Chang Hsun, Li Ching Hsi, General Wang Shih Chen, General Chiang Chao Tsung and General Chang Kuei Ti, it was agreed to recommend the acceptance of the following demands submitted by General Chang Hsun: The organization of a responsible Cabinet with whose powers the President shall not interfere; the amendment of the Constitution so as to satisfy the demands of the Tuchuns; and also to provide a single-house system of Parliament with reduced membership, the inclusion of the favorable treatment of the Manchu Family Agreement in the Constitution, and the convocation of a new Parliament.

June 20. Tuchuns of Chihli, Shantung, Honan and Fengtien telegraph to the Government agreeing to withdraw their troops and cancel their independence. Inspector General Lu Yung-Teng in replying to President's circular telegram, insists that the Tuchuns shall make no further demands and immediately withdraw their troops.

June 21. President Li and Chang Hsun arrive at an agreement.

JAPAN

June 18. Replying to an interpellation in the House of Representatives at Tokio, Baron Motono, the Minister of Foreign Affairs, said that the American Government June 6 approached Japan suggesting a joint representation by the Allied Powers to China, and then while the matter was under consideration Japan was surprised to learn that America had made an independent representation.

June 19. The special Japanese Ambassador to the U. S. A. Viscount Ishii, and his suite, will leave Yokohama July 3 on board the Shinyo Maru due to arrive at San Francisco July 19. After staying there a day or two they will proceed to Washington.

June 21. 12,000 workmen at Mitsui Bishi dockyards at Nagasaki go on strike for higher wages.—Kenseikai Party decides to move a vote of wan' of confidence in the Government because the Terauchi Ministry is not founded on a Party basis.

GENERAL

June 14. President Wilson in his May Day address affirms that sinister German intrigues are being conducted in every country to which German agents can gain access.

June 15. British Government decides to release from confinement Sinn Feiners who had taken part in recent Irish rebellion.

June 16. German marks drops to 6 $\frac{3}{4}$ d. as against a normal value of 11 $\frac{3}{4}$ d.

June 17. U. S. Government elaborates plans for controlling exports of coal and wheat.—Barclays Bank Ltd., buys Deutsch-Asiatische Bank in London for £ 200,000; other German banks also taken over by British financiers.

June 18. Captain and crew of Russian cruiser Askold refuse to carry Ramsay Macdonald to Russia.

June 19. Hague High Court quashes three months prison sentence on editor of the Telegraaf. The case will be retried.—Austrian Cabinet resigns.—Russian diplomatic mission arrives in Washington.

Far Eastern Press Opinion

The American Note to China

From the Tokio Asahi

That the advice recently given to China by Dr. Paul Reinsch, American Minister to China, was clearly interference in the domestic politics of China cannot be denied. Only it is not clear with what motive that advice was given. It had been interpreted in good faith that the advice was given under instructions issued carelessly by the American Government, based upon the recommendations of the American Minister in Peking. But we now have come to learn of the true intention and motive of the American advice from the reasons made public for sending that advice by the American Secretary of State, as per our special dispatch from New York. According to the entire tenor of the American advice to China, America meant from the first to interfere with the domestic affairs of that country. She purposely exaggerated the mobilization of Japanese troops and the urgency of preparations of the Entente Powers against the war situation as reasons for this advice. We considered the rumor of a Japanese invasion of Siberia very seriously in connection with the rumor of a separate peace by Russia. Now this horrible scheme has been made use of in the American advice to China. Even if the rumor in question were true, the contention that Japan needs to prepare to mobilize in Manchuria sooner or later on behalf of the Entente Powers does not by any means justify America's independent interference in China's domestic politics by over-riding other nations.

From the Yamato (Tokio)

America's recent action, was at great variance with the policy hitherto pursued by that country. It is still fresh in the memory of the Powers that America withdrew from the Quintuple Syndicate in China on the ground that it did not wish to interfere in Chinese politics, and that when the Japanese Government approached America with a proposal of advising Yuan Shih Kai to postpone the establishment of a monarchy, she declined to take concerted action with Japan and other Powers for a similar reason. Yet America has now precipitately interfered in China's domestic politics independently of the other Powers, who are assuming the passive attitude of lookers-on. Moreover, America must be aware of the superior position enjoyed by Japan in China, which may be compared to that enjoyed by America in Mexico. Yet while Japan has abstained from taking any steps whatever in Mexico, in deference to America's special position there, America has interfered in China's domestic politics by ignoring Japan's position there.

From The Japan Advertiser (Tokio)

Anyone who knows anything about America's policy in China will appreciate that America has no political ambitions, no desires for spheres of influence or any political or financial control in China. The note addressed by the United States Government was a friendly one and merely advisory, and expressed a desire to see China set aside her factional political disputes at this critical time.

We regret the comments in the Japanese press and we regret the interviews which were given to the foreign press, because we have worked and wish to continue to work for closer and more friendly relationships between Japan and the United States. There never was a time when conditions were more favorable to the promoting of a closer and better understanding between the two countries, nor has any administration in Japan stood on a broader and saner foreign policy to assure such results than that of those in power at the present time.

We regret it because suspicion will now be attached to Japan's motives. The note which the United States sent to China is one which any and every nation having the interests of China at heart should be willing and ready to subscribe to. There is nothing in it which any nation can justly take exception to.

The Japanese Special Mission to America

From the Tokio Asahi.

Although it is stated that the duty of the mission is to pay its respects to America for her joining in the war on the side of the Entente Powers, yet we want to interpret that mission in a more significant way. The way in which the personnel of the mission was decided

suggests that the appointment of naval officers was considered more important than that of any other members. The selection of Vice-Admiral Takeshita who is known as an America-expert took precedence of other selections. The selection of Viscount Ishii as the head of the mission was decided after various possibilities had been approached, so it appears. We want to believe that the mission of the embassy has reference chiefly to the naval question, that is of defense of the Pacific Ocean, and also to the question of the islands in the South Pacific occupied by Japan in the war with Germany. Certainly, there are army officers, too, in the mission. But there can be no army question between Japan and America. There is, we believe, a need of establishing a basic understanding between Japan and America concerning the Pacific problem, political as well as naval. Especially after the beginning of the present war, the problem has assumed a more practical turn, and after America joined in the war the need of such understanding has come to be very keenly felt. But this problem needs to be solved not only during the war but also permanently. That we should arrive at a full understanding between Japan and America concerning the occupied islands in the South Pacific is one of the most important matters of the Pacific problem after the war.

Japan in Manchuria.

From the Peking Daily News.

When General Terauchi became Prime Minister of Japan in the early part of this year, we, and the world generally, were assured that Japan was going to adopt a new policy towards China. As Japan had always been, so she had said, very sincere in her attitude towards this country, it was only possible to conclude that her sincerity was to take henceforward a new form. The sincerity of the past was to be abandoned and a new sincerity was to take its place, for it was obvious that General Terauchi did not intend to be *insincere* in his policy towards this country. It would have been altogether too stupid a diplomatic step to take to say that the new policy was to be one of insincerity. As remarked at the time, the proof of most puddings is to be found in the eating. So far there has been practically no pudding to eat but it would appear that we are now to be given a morsel by way of sample, at least. Exchanges from Japan and telegraphic news during the last few days seem to show that General Terauchi's Government has at last formulated its Manchurian policy and is on the point of carrying it out. We do not for a moment suggest this policy has any sinister meaning for this country; that would be impossible in view of Japan's profession of sincerity.

It will, however, help to clear up the situation for our readers if we give the gist of the news recently to hand. A Tokio telegram circulated by a Japanese news service a few days ago states that the Bill for the unification of administration in South Manchuria has passed the Japanese Cabinet Conference and, as soon as the Genro approves, the Bill will be formally promulgated. Under the provisions of this Bill, the Manchuria Railway Company will become the actual organ of Japanese administration in South Manchuria; the Japanese Consular Service will be subordinate to the administration of the Railway; and all the powers hitherto vested in the Consular Service, political, commercial, judicial and administrative, will be made part of the organization of the South Manchuria Railway. This is

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not all. From another Japanese source we learn that a law is about to take effect by which the administration of the South Manchuria Railway will be transferred directly to the control of the Government-General of Chosen, thus making the Railway at once an apparently commercial but really political organization. At the same time, the affairs of the administration of Chosen and of Formosa are to be brought under the control of a newly-established Colonization Department, which is to conduct also the affairs of Kwantung. Hitherto, some of these affairs have been managed by the Foreign Office whilst others have come under the jurisdiction of the Department of Home Affairs. In future the revenues of the South Manchuria Railway are to be paid direct to the Government-General of Chosen; and the yearly appropriation for the upkeep and administration of the Railway is to be fixed at Yen 12,000,000. These arrangements, especially the amalgamation of the South Manchuria Railway, are to take effect from the first of next month. We presume that it is because of these new arrangements that a special Commissioner is at present travelling free for a month or so over the Chosenese and Manchurian Lines, and is detailing the doubtless altogether satisfactory experiences weekly, with officially supplied illustrations, in a weekly contemporary whose circulation is being artificially enhanced thereby (and therewith) for the period of the trip. At the same time, two army transports have conveyed several thousand fresh troops to Dairen, according to a statement made by a Japanese news agent.

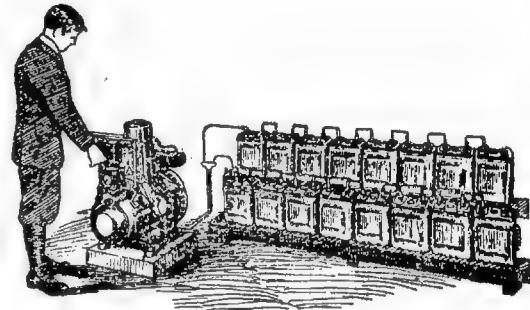
We reported in our columns only last Wednesday the installation by the Emperor of Japan of an Advisory Board on Diplomatic Affairs. Japan has never made the mistake of running short of advisers, especially on diplomatic affairs, peaceful penetration and police boxes. In multitude of counsellors is to be found serpentine wisdom, and the presidency of General Terauchi over this Advisory Board is sufficient guarantee of columbine innocence. The fact that the Advisory Board, or, as it is frequently referred to, the Diplomatic Commission, was inaugurated by the Emperor in person, is sufficient evidence of the importance attaching in the Japanese Government's mind to diplomatic affairs. It is not the intention of the Government, we are told, to resort to the support of a political party friendly to the Ministry of the day, but to establish an organization that will represent all shades of political opinion and will thus make for continuity in foreign policy. This much is being done in Japan itself, but a Tokio telegram tells of the appointment and installation of Viscount Ishii, formerly Minister of Foreign Affairs and Ambassador to Paris, as Special Delegate and Envoy to the United States, to conduct a special mission said to be "necessitated by the entry of the United States into the war and by the advisability of a more complete working understanding and co-operation between the two countries, especially with regard to the Far East." Here, again, we have Japanese realization of the importance of diplomacy abroad and a full appreciation of the importance to be attached to the explanation of Japanese sincerity in all Far Eastern relations. Doubtless, the changes in the status of the South Manchuria Railways will be explained to the Washington Government by this Mission.

It would be presumptuous on our part to attempt to interpret the changes outlined above, or to insist at any length upon the wisdom of Japan in diplomacy, but we feel justified in asking whether these momentous changes have been communicated to the Government of

this country, which may be presumed to have some slight interest in Manchuria still; and we take advantage of the opportunity thus presented of insisting on the importance of a close attention to foreign affairs on the part of the Peking authorities. It is unfortunate that at the very moment when Japan is taking these important steps China is almost without a Government, is without a substantive Foreign Minister, and is in no position to act effectively or unitedly through the usual diplomatic channels. This, of course, is a mere coincidence, but it is the sort of coincidence that should not occur more than once. The Government should see to it immediately that an official explanation of all the above circumstances is supplied to the public, even though there is no Parliament sitting. That there is an explanation is beyond question, and it would allay any possible unfounded public anxiety if the explanation were forthcoming.

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Men and Events.

Mrs. G. Frankel is confined to the Isolation Hospital with an attack of smallpox.

The commencement exercises of the Shanghai American school were held June 21.

Mr. Geo. Lanning, on the advice of his physician, is taking a vacation in Japan. Mrs. Lanning accompanies him.

The rainfall in Shanghai for the first half of June was over eight inches, an inch more than the total for the preceding five months.

The U. S. Department of Commerce has appointed Mr. Frank R. Rutter as commercial attache to Tokio. He was to have left America for the Far East May 22.

The Chinese American Association was formally organized at Canton June 19. Returned students from America took an active part.

The American authorities in Shanghai are assisting in recruiting American engineers and sailors to man the German ships seized in the Philippines.

L. Soyka, a Shanghai Austrian merchant, was found June 21 near Kiangwan lying in a field with a bullet wound in his temple and an automatic pistol lying by his side.

Mr. O. D. Walker of the Continental Commercial National Bank of Chicago, who has been in China for the last five months, will sail to-day for the United States. He may return to China next Autumn.

Races will be run at Kiangwan June 23 (to-day, Dragon Boat Festival). Special trains will leave Shanghai North at 2.15 and 3.40; the saddling bell will be sounded at 3.40 p.m.

A taxi-driver was fined forty shillings at Thames Police Court recently or in default seven days' imprisonment, for insulting a Japanese gentlemen who declined to pay more than the registered fare.

Mr. L. M. Mead, formerly engaged in Y.M.C.A. work at Hangchow, was married May 16 at Plainfield, N. J. to Miss Eleanor Machado. Mr. and Mrs Mead will proceed in the Autumn to Peking, where he will continue his Association work.

The German diplomatic and consular officials who have not yet left China will cross the Pacific on their way to Germany via America on the Java-Pacific Mail liner Princess Juliana, which is to sail from Yokohama June 30.

Mr. Joseph Baillie of the College of Agriculture and Forestry, Nanking, in making an appeal for the Nanking land colony scheme says: "Just give the farmers fair play and we'll see a new China soon, for the farmers are 85 per cent of the nation."

With the copious rains that have fallen during the past ten days, navigation on the numerous small creeks and canals throughout the province, which had been mostly suspended owing to the lack of sufficient depth of water, has again been resumed.

Dr. Wu Ting Fang, ex-Acting Premier, accompanied by his son Mr. Wu Chao Chu, who has resigned the post of Chancellor to the Waichiaopu, have both left Peking and proceeded to Shanghaikwan, where they expect to spend their summer vacation.

Frederick McCormick, the well known author and war correspondent, is now on his way to Russia, from America, after having stopped enroute at Yokohama and

Peking. He is preparing a series of magazine and newspaper articles and will also look after the interests of the Asiatic Institute, of which he is the secretary.

The Toyo Kisen Kaisha formally occupied their handsome new offices in the North China Insurance building, at the corner of Szechuen and Kiukiang roads, June 21, the reception at the noon hour marking the event being attended by many members of the Consular body and a large number of business men. The guests were received by Mr. Alexander, the local agent. Refreshments were served by the Astor House staff.

The closing of the 1916-17 term of studies at St John's University in Jessfield road will be observed with the following program: Sunday, June 24, 10.45 a.m., Baccalaureate sermon by the Rev. C. J. F. Symons, M.A.; Thursday, June 28, 5 p.m. President Dr. F. L. Hawks Pott's reception to the graduating class; Friday, June 29, 3 p.m., Class day exercises of graduating class; Saturday, June 30, 3.30 p.m.—Military exercises; 5.00 p.m.—Graduating exercises.

Mr. John Jay Abbott, vice-president of the Continental Commercial Bank of Chicago, interviewed in Japan, after having spent several weeks in Peking where a possible loan to China was discussed, stated, among other things, that he did not consider the element of risk in lending money to China greater than in lending to France or Great Britain, and pointed out that the per capita debt of China is only about \$1.70 as against that of France which is \$76.

One of the principal godowns of the firm of Jardine, Matheson & Co., Tientsin, fairly well filled with cotton, hemp, hides and other general cargo, was practically destroyed by a fire which broke out on the evening of June 15. During the first hour that this fire was in progress the various foreign fire units had the assistance of the Japanese company in fighting the flames in Jardine's godown, but in the meantime a second blaze was discovered in the godowns belonging to the Takeuchi firm in the Japanese concession, and thereupon the Japanese firemen withdrew so as to render assistance to their own nationals.

The occupation by the North China Insurance Co., Ltd., of its handsome new building at the corner of Kiukiang and Szechuen roads, June 19, was the occasion of a large gathering of Shanghai business men. The building was formally declared open by Mr. A. G. Stephen, manager of the Hongkong & Shanghai Bank, who in the course of a felicitous speech referred to the able management of Mr. H. G. Sims, the secretary of the company, since 1908. Mr. C. M. Bain, the chairman of directors, in his remarks, referred to the heavy strain there was on the management in piloting a marine insurance company successfully during war time.

The Filipino Club, at 36 Yuhang Road, observed the fifty-sixth birthday anniversary of Dr. J. Rizal, June 19, when a literary and musical programme was rendered. Addresses were delivered in three languages. Dr. J. A. Diaz, in Spanish and Tagalog, spoke on "Dr. Rizal and his Country," and Mr. V. J. Benedicto, in English, on the "The Youth of J. Rizal." Mr. J. Canlas also made a speech in Spanish. The musical numbers included two choruses, "The New Era," and "The Unity" sung by Filipino children trained by Mr. V. Bagaman. The orchestra, under the direction of Mr. B. C. Sado, interspersed the literary part of the programme with excellent instrumental selections, including a cello solo by Mr. A. R. Cruz, accompanied on the piano by Mr. P. Breva.

America.

Manuel L. Quezon has proposed that 25,000 Filipino troops shall participate in the war against Germany. President Wilson is considering the matter.

By a decree of the Common Pleas Court in Philadelphia it has been ordered that Harry K. Thaw be taken to the Pennsylvania Hospital for the Insane.

Roland S. Morris, a lawyer from Philadelphia who was associated with Vance McCormick in the reorganization of the Democratic party in Pennsylvania, has been appointed American Ambassador to Japan, in succession to the late Geo. W. Guthrie.

Conscription of inherited fortunes is suggested for America by the Rt. Rev. Charles H. Brent, Protestant Episcopal Bishop of the Philippines, who recently returned from the battle front in France and who declares that universal service in the most literal sense is needed to win the war.

All railroads have been called upon by the war board of the American Railway Association to readjust their service immediately so as to make available the maximum transportation energy for moving fuel, food, material and troops. No more excursion trains are to be run.

Frank A. Vanderlip, president of the National City Bank of New York, in a recently prepared statement said the war would call for readjustments, but not for diminution in the volume of business; that times would be better than ever before, and that the people should be getting ready for top-speed production that would utilize every energy.

Women's Work.

British-American Cooperation

The weekly report of the B. W. W. notes with pleasure that the American Woman's Club has made arrangements to work together with the British organization during the summer months. The latter will furnish the materials and the completed articles will be forwarded as work done by the American Women's Club. Mrs. C. McRae is planning to take a supply of the materials to Mokhansan for the summer with the intention of starting a sewing cricle there.

The War Dressing and Bandages department has received a large augmentation of working members in the ladies of St. Monica's Society who, since they no longer have their own weekly meeting, have decided to devote the same amount of time, the whole of Tuesday mornings, to the service of the department. The leader, Mrs. C. Burkhill, thus has an addition of at least twenty pairs of hands to swell the output of her day's work.

The supervision of the Dressing room on Fridays has been taken over by Mrs. Welch, in succession to Mrs. Hilton-Johnson, who has gone to Japan on a holiday.

Under the heading "Treaty Port Centres," the Report says: "We very much regret to report that we have received letters from Mme. Docquier and Mrs. Jamieson, the representatives at Tongshan, informing us that the Belgian ladies there, who for nearly two years have given such valuable and substantial help to B.W.W., now feel compelled to sever their connexion with us. Sorry as we are to lose their large contributions and their sympathetic assistance, we cannot but approve of their

decision since they leave us to transfer the fruit of their industry and generosity to benefit their own country."

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General Orders, July 4th.

The company will fall in on the Bund foreshore opposite Jardine Matheson's on Wednesday July 4, at 11.15 a.m. to take part in a military celebration with allied units of the Corps and a company of French Volunteers.

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The Theatre

"Under Cover" and More

ACCORDING to reports I have heard, at least three criticisms are needed to do justice to the Frawley company's production of "Under Cover"—one for each performance; for I am told that a great improvement was evident at each presentation. But I saw only one performance—the first—and so I am compelled to judge by that.

There are some who think that to compare productions given of plays in China with the original productions in London and New York is unfair. But what is one to do? Any criticism is merely a matter of comparisons, of measuring something by something else, of taking a standard and judging in accordance with it. In dramatic criticism (in all criticism for that matter) there are two standards—the academic and the practical. The literature and traditions of the drama compose the academic standard; the practical standard, after a play has been produced, is the best performance that has been given, or that one has seen of that play. People frequently say: "I liked the play and thought the actors did well; so I don't see what those critics could find fault with." That is, most persons in an audience judge a play by the emotions they themselves have felt during its presentation; a very satisfactory way from an individual standpoint, but one destitute of any critical function. If that was the standard for criticism, then the yokel in a gallery seat who guffaws at every super-obvious attempt at humor, and who audibly warns the Hero that the Villain is lurking behind the curtains, would be as good a critic as anybody.

So in seeing "Under Cover" I was driven mentally to the performance of the play that I saw given by the original company in New York. For one thing, this piece is what is called melodrama in modern stage phraseology, and of all forms of drama that one requires the greatest exactness of stage management to obtain the dramatic effects. As an instance, if at a tense moment a shot is heard off stage, and the shot does not sound, or if it comes too late or too soon, then not only is the dramatic effect lost, but usually a comic effect is given instead. Where a play is full of these "business" effects that must synchronize with what is visible on the stage, everything must run smoothly or a good part of the dramatic action is lost. In real life, when such things happen, there is of course exact synchronization, for the things actually occur; but in the imitation of life in drama it is easy to err in depicting the exact conjunction of such causes and effects. In the first act of "Under Cover" at the Lyceum, when the customs inspector, to test whether a suspected smuggler is shamming deafness, fired a pistol behind her back, the pistol snapped and some seconds later the report was heard off stage. The "business" therefore got a big laugh, instead of a keen dramatic effect. At the first performance there were many of those lapses which, with the rather indifferent work of most of the cast, detracted from the play and made it seem very poor stuff indeed.

Now I know that "Under Cover" is a very good melodrama, and when well given it will hold the interest of almost any audience from beginning to end. I know this because I saw the play in New York, not

from what I saw at the Lyceum. Few plays produced in recent years have more "fat" actor parts than "Under Cover." There is the male lead—the suave, smiling, suspected criminal, but really the mysterious "R. J.", as it turns out. There is the girl, struggling between her budding love for the man, her desire to protect her sister, and her duty to society. There is the "crooked" customs inspector, who is caught in the end. And there are a number of excellent character bits. I never will forget Lucille Watson's performance of Alice Harrington, the wife of the multo-millionaire at whose country house the exciting events occur, a part that she made stand out like a cameo, and which got a laugh for almost every line she spoke—one of the best things done on the American stage for years. Then there was Monty, the young society man who gets tangled up with the necklace plot from pure love of adventure. I have forgotten the name of the actor who played this part in New York, but it will be a long time before I forget the convincing characterization he gave. He made the part human, while in Mr. Barton's hands the other night Monty was merely a conventional stage "silly ass."

If you will reflect a little, you will see that there is nothing improbable in the events of "Under Cover." Such things can and do happen frequently. But they did seem improbable at the Lyceum, because they were not convincingly depicted. Even then, the performance was not without dramatic thrills, and the audience got a good deal of entertainment out of it, proving the inherent strength of the situations as the author conceived them. To Miss Lang and Mr. Halliday again fell the leading parts—those taken by Violet Heming and Billy Courtenay in New York; and both did very well, without more than scratching the surface of the characters. About the only member of the cast who got her comedy points over consistently was Miss Haager, as a silly little debutante in love with Monty. Mr. Frawley took Michael Harrington, the plutocrat with a thirst, and Miss Tyler was his sophisticated modern wife who holds the reins firmly but tolerantly over him. Miss Gloria Fonda had her first opportunity in a real part, as Amy Cartwright, the little sister whose weakness caused complications; and she did very well indeed. The character appears in only one scene, but it is essential to the main proposition, and must be convincingly depicted. Miss Fonda gave promise of becoming an actress. Mr. Denniston was very good as the crooked inspector, and the minor parts were done well enough. A few more rehearsals would have enabled the actors to show to better advantage, no doubt.

The programmes should be more carefully proof-read. The line explaining that the action of the fourth act begins five months before the third act ends, (instead of five minutes), must have puzzled a good deal those people who read programmes.

I am sure that real drama lovers in Shanghai will learn with pleasure that "The Climax" is to be given by the Frawley Company, with the aid of Mrs. Isenman. This will be an event of genuine interest. "The Climax" is one of the most moving plays seen during the last decade; but it requires a woman who can both sing and act in the principal role; and as the Frawley organization does not contain an actress with these unusual qualifications, the piece could not have been given had not Mrs. Isenman, taking the occasion to aid charity as well as render an artistic service, assented to

act the part. "The Climax" has only four characters—three men and a woman; and all the characters are types. I will not anticipate the story of the play, except to say that it turns on artistic life in New York, and on a young woman's voice and the use she will make or not make of it to have a "career." I wonder how the piece will be cast here. Mr. Frawley, or perhaps Mr. Denniston, probably will take the old musician, a part that, played by Alfred Bruning, sticks in my memory like the Prince's tutor in "Old Heidelberg." Who will take the young composer, his son? This part requires a man who can rhapsodize on the piano. Effingham Pinto had the part in the original New York production. Mr. Barton might act it. Mr. Halliday probably will be the young physician here. He can do the part I should think.

T. F. M.

"Twin Beds"

MARGARET Mayo's and Salisbury Field's farce "Twin Beds", which kept New York laughing for a good part of two years, proved to be almost as amusing to a Shanghai audience at the Lyceum theatre last Tuesday night.

In structure, this little piece does not differ materially from hundreds of its predecessors in that dramatic field; but it manages to extract fun by giving a new twist to some old situations, and by playing on the whimsicalities of a few ultra-modern human types. The story is this: An Italian tenor, who in a few years rose from poverty and obscurity to wealth and immense popularity, has his head somewhat turned by the feminine attentions that come with his success. He flirts continually and outrageously, and keeps his practical wife in torments of jealousy. With that background, you see what may happen. The tenor gets by chance, when very drunk, into the apartment of a pretty young married woman of whom his wife has been jealous, and goes to sleep in one twin bed while the young wife is snoozing oblivious in the other one. When she wakes, she discovers him, and their efforts to extricate him and avoid discovery make the farcical complications.

The part of Signor Monte, the amorous and bibulous tenor, carries the fun. In it, Mr. Homer Barton came into his own, and gave an extremely amusing characterization. It is the best thing Mr. Barton has done here. In the drunken scene he was genuinely funny without the palpable exaggeration that spoils so many stage "jags." The next best part (if one can put it second) is that of Signora Monti, the American wife of the tenor, here taken by Miss Eva Lang. This is a rich part, with no end of terse lines expressive of up-to-date American social slang. Moreover, the Signora is a real human character, that is absolutely consistent to life, and also dramatically consistent. The air of motherly concern about her peripatetic husband, her absolute refusal to be fooled by him, her perfect understanding of all his idiosyncrasies and defects of character, and her frank love for him in spite of it all, provide ample scope for sincere portrayal. There is a genuine note in this woman's fear after she has put detectives to catch her husband, that she *will* catch him, and therefore be forced to divorce him; and in her relief when she finds that, for once, her suspicions are unfounded. "Me for the old 'ignorance is bliss' stuff after this," she says feelingly. A corking part, and Miss Lang did well in it.



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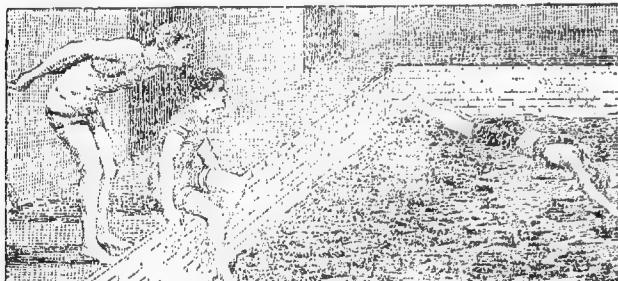
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The annual report of the American Sugar Refining Company discloses a new feature in corporate financing which is highly significant and highly important.

From its receipts for the fiscal year this company has set aside gold \$1,000,000, as part of its reserve, for advertising purposes.

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This new departure puts advertising in newspapers and in magazines in its proper place in business estimates—not as a contingent or fluctuating item, but as a necessary, permanent fixed charge, inseparable from the proper conduct of the year's output and sales.

That is good business sense and sound policy.

—Editorial, New York American,
 Friday, March 16, 1917.

To Miss Haager fell the thankless, but important, part of the young wife, which she took for the first time after a few rehearsals. This character is on the stage a lot and has many inane lines to speak, but is merely a puppet used to work up situations and laughs for the other characters. All the comedy is gotten by the tenor, his wife, and the husband of the young woman into whose bedroom the intoxicated tenor comes. Mr Halliday has the latter part, and did quite well with it although it is hardly in his better line. A young husband who is always jealous, with and without reason, is apt to become triesome even in farce. Miss Sydney, as the maid, was good—the part is much better than the ordinary "maid" in comedy. Mr. Denniston was the tenant hunting for a supposed burglar, and who gets caught himself.

"Twin Beds" is an amusing dramatic trifle—but it is only a trifle.

T. F. M.

The Frawley Company

The Frawley Company announces the following plays at the Lyceum Theater: June 23 and 25 "Bough and Paid For"; June 26, 27 and 28, "The Wolf," Eugene Walter's striking drama; June 29, 30 and July 2, "Paid in Full". Then comes what probably is the event of the Frawley season, "The Climax", on July 3, 4 and 5; the performance on the last mentioned date being for charity.

American Red Cross Concert

Miss Bessie Abbott, American prima donna who is visiting in Shanghai, will give a concert under the auspices of the American Red Cross of Shanghai, Saturday evening, June 30 at the Olympic theater. Miss Abbott will be assisted by Mr. Speelman, Mr. Curry, Mr. Meyer, and Mr. Silas.

This will be the second concert given by Miss Abbott for the benefit of the Red Cross, the other having been given at Manila last month. Governor-General Harrison of the Philippine Islands recently cabled Consul-General Sammons to the effect that a large audience greeted Miss Abbott at that place and more than 3,000 pesos was cleared for the Red Cross.

In order that the Red Cross Society of Shanghai may derive full benefit from the concert here next Saturday night, the gross proceeds will be donated to the Charity, all expenses being guaranteed through private subscription.

Originally the concert was set for July 3, but the date has since been changed as above stated.

Mr. Zalsman's Recital.

The recital given at the Astor House on the afternoon of June 21 by the well-known Dutch baritone, Mr. Gerard Zalsman (arranged for by Mr. Speelman) proved to be a musical treat of a high order. Not in a long time has this community had an opportunity of hearing anything of equal quality. Selections from about a dozen composers were given, Mr. Jan Joostens accompanying on the piano. Mr. Zalsman's singing brought forth rounds of applause from his delighted audience.

Dance in the Palm Garden

ASTOR HOUSE HOTEL

Tonight 10 o'clock

SUMMER SCHEDULE

MONDAY	- - -	CONCERT
TUESDAY	- - -	DANCE
THURSDAY	- - -	DANCE
FRIDAY	- - -	CONCERT
SATURDAY	- - -	DANCE

In case of rain dance will be held in Ball Room.

On each Wednesday evening Prof. Papini will give a concert on the Roof Garden of The PALACE HOTEL.

The afternoon Tea Dances will be discontinued during the Summer.

The Frawley Company - -

Will produce during their Shanghai Season the following Successes :

*FAIR AND WARMER
THE OUTCAST
TWIN BEDS
JERRY.
THE CLIMAX
BOUGHT AND PAID FOR
UNDER COVER
PAID IN FULL
PEGGY O'MOORE
RIO GRANDE*

LYCEUM THEATRE

(See papers for dates)

In the Field of Business and Finance

Soaring Prices for Cotton

With the prices of raw cotton and silver reaching heights which until a few months ago would have been considered unbelievable, the Shanghai exporter is having a hard time of it, and yet we have been witnessing the great paradox of a most active market in raw cotton, despite high prices and unfavorable rates on gold. There has been a steady advance in the prices of cotton the world over, but local prices have reached a considerably higher level than the normal proportion to the world's ruling prices. Prices have not only gone high, but they jumped quickly; so much so that forward sellers were badly hit. Several failures of considerable proportions among Chinese dealers are reported, and one or two of them have caused losses of no mean proportions to local foreign firms.

The principal export at present is to Newchwang, but the buying which has caused the spurt in prices has nearly all been done by Japanese. With the increasing prices for cotton in America and in India, and with prospects of a decreased yield in both countries, together with every indication that freight rates, particularly across the Pacific will go much higher, the Japanese are evidently taking time by the forelock and storing up cotton for the future when freights across the Pacific may be practically un procurable, if indeed, as the war progresses, American cotton itself will be difficult to get owing to war requirements.

We understand that one of the reasons for the recent sudden rise in prices was a rumor that the Canadian Pacific boats would again be shortly taken off the Pacific run, so as to be available on the Atlantic, and in that event a considerably higher freight rate would naturally result.

According to the last mail papers from America there has been some lively trading in cotton on the New York market. "Cotton Climbs Up 25 to 52 Points net; Supply Offered for Sale Entirely Inadequate to meet the Demand" is the heading over the market report appearing in the New York Times of May 18, from which we quote:

"Cotton experienced a quick upturn within an hour yesterday afternoon, shorts were driven rapidly to cover and contracts climbed swiftly into new ground for the present movement, with the supply of cotton for sale entirely inadequate to meet the demand. The close was steady, with the active months making net advances of 25 to 52 points, with May quoted at 20.82, July at 20.22, October at 19.87, December at 19.98, January at 20 and March at 20.15. The buying, which was attributed to many of the old Cotton Exchange houses, to Wall Street purchasers and Southern interests, was apparently based on the more optimistic outlook in the Russian situation, the strength of the stock market and a strong demand for spot cotton. Prior to the afternoon bulge the market had moved within very narrow circles, with most of the trading by local operators who were content with in and out deals. The wave of buying struck without warning and all months were rapidly carried higher. At the peak of the advance May contracts touched 20.28, July 20.25, October 19.89, December and January 20 cents. The advances represented gains of approximately \$2.50 a bale on the maximum increases,

and practically all of the gain was held to the close. Attempts by many traders to rebuy late in the day some of the stock they had sold at lower levels and the offerings of shorts who found themselves pinched by the 'fell clutch of circumstances' produced one of the liveliest little whirlpool markets of the year. Even at the high prices of the close there was little cotton offered for sale."

The last two sentences in the above New York report also describe accurately the events that occurred in the Shanghai market during the past two weeks.

Prices abroad continue to rise. A telegram from Liverpool, June 19, reads:—"Cotton is making history daily. American middling is 19 $\frac{3}{4}$ pence per lb. as compared with 4 $\frac{1}{4}$ d. at the end of 1914. Spinners are rushing to secure any actual cotton owing mainly to American shipping difficulties and the lowness of stocks here."

On the same date a telegram dispatched from New York stated that cotton had smashed all records, advancing 104 points on the sensational advance in Liverpool and private reports regarding low crops.

On the following day the announcement was made that the Liverpool exchange would be closed to further trading. Stocks in Liverpool are very short.

A telegram from New York received by Messrs. Tata & Sons, June 21, stated that the "old bulls" were buying again and prices were expected to go higher. On the previous day, the N. Y. quotation for December was 26.29 cents.

Danger of Money Shortage in Shanghai

The "Yin Hong Tsu Pao" (The Bankers' Weekly), the recently established organ of the Shanghai Chinese Bankers' Association published in its latest issue an article on "The Danger of Future Money Shortage in Shanghai," by Mr. Chang Kia Ngau, sub-manager of the Bank of China, of which the following is a translation:

The great question on the Shanghai currency market at present is the rapidly disappearing supply of cash. Last Saturday the total reserve of the foreign and native banks amounted to Taels 15,400,000 bar silver and \$16,400,000 cash, corresponding approximately to the figures of last November.

Investigation shows that there is no other reason for the shortage than the exporting by the banks. From the beginning of the war up to the present the exports to the foreign countries have been as follows:

From the beginning of the war up to the close of the year 1914:

Exported Sycee and bar, Haikwan	Taels	1,221,050
Dollars		3,722,528

During the year 1915,

Exported Sycee and bar, Haikwan	Taels	10,186,108
Dollars		8,690,921

During the year 1916,

Exported Sycee and bar, Haikwan	Taels	41,202,390
Dollars		3,989,185

From the first month of this year to the 15th of the present month there was exported,

Sycee and bar, Haikwan	Taels	19,682,895
Dollars		7,508,691

From the beginning of the war up to the 15th of the present month the exports from Shanghai were:

Sycee and bar, Haikwan Taels	72,292,443
Dollars	" " 23,911,011

Grand Total Taels 96,203,454

From the beginning of the war up to the 15th of the present month the imports to Shanghai were:

Sycee and bar, Haikwan Taels	26,734,612
Dollars	" " 26,681,036

Grand Total Taels 53,415,648

Excess of export over the import of bar silver

Haikwan Taels 45,557,831

Excess of import over the export of Dollars

Haikwan Taels 2,770,025

The reason that the Dollars import figures show more than export is that most of the money is imported from Hongkong and Macao.

Although in the above statement imports appear as "from foreign countries," this also includes imports from Hongkong and Macao, which according to the Customs report are described as foreign countries. So although according to the above statement the total importations are only over 50,000,000, yet the large part out of \$26,000,000 were imports from Hongkong and Macao, and cannot be taken as imports from foreign countries. Thus it will be seen that the export from the beginning of the war up to the present amounts over 60,000,000 Taels.

In order to meet their financial facilities to make their banking business profitable, and to help their home money market the foreign bankers cannot do without exporting silver.

Last Saturday the Chinese Chamber of Commerce again proposed to prohibit the export of sycee but our Government is so powerless that there is no power to stop the foreigners from exporting. For a small party such as the Chamber of Commerce to try to stop the export of silver is only empty talk.

The best way to reform the whole system is to encourage the exportation of native merchandise to foreign countries, but this cannot be done in a short time.

The most dangerous thing at the present time is that the supply of money is decreasing day by day and this will tighten the market. This is the question bankers should keep in mind. Last winter money was so much in demand in Shanghai that the interest went up very high; fortunately however this did not last long, as money from the interior soon began to flow to Shanghai, thus calming the market.

This year the conditions are different, as owing to the unrest in China, business is so dull in every quarter of the country that money is very much in demand in the interior and there will be no surplus to come to Shanghai.

Although the cocoon season is over, the silk and wheat season are approaching and in turn the second silk worm crop will be out on the market very soon, and then money will be very much needed again.

If the new Chinese dollar exchange is over Tls. 0.725 the Bank of China and the Bank of Communications will send sycee over Tls. 800,000 each week to the Nanking Mint to mint dollars, in addition to the exportations of foreign banks, making up a total over

two or three million taels exported from this port each week.

When the cocoons bought by the silk factories in the interior have arrived in Shanghai the money they borrowed from the banks for buying them has to be paid back to the banks.

When the unrest of China is over, people from the interior will begin to buy the merchandise they need from Shanghai. The chief things they buy are foreign cotton goods. This money is to be paid into the foreign banks?

The contracts for speculative buying of gold will expire from time to time during July and August. This speculation amounts to approximately three to four millions. When the speculated gold arrives in Shanghai there will be another three or four million taels paid out from Chinese hands. Besides this the native bankers have already from seven to eight million taels on gold mortgage, which sum is lying idle.

The chief goods exported from China are silk and tea. When the new silk came on the market 6,000 piculs steam filatures were sold and Tsatlee new style 2,000 piculs. Tea business has not been so good as before. The business in corn has no importance to the money market.

As the European war has not yet come to an end, there is not sufficient tonnage for transporting cargoes and thus the money that we pay out cannot balance the money we receive.

For the above reason the money in Shanghai will be tight. As conditions in the port of Shanghai are different from those previously obtaining, if the total figure of current money in Shanghai amounts to Tls. 10,000,000 there will be a shortage.

Now if we allow the money to be shipped to and fro as it has been it is very dangerous to the market; all Native bankers always are afraid of too much money lying idle as this makes their profit less. But when the time comes when there is urgent need of money they will be unprepared. So I hope the native bankers will prepare for the time when the critical moment arrives. When we Chinese lay blame on the foreign bankers for exporting silver they answer "If the Chinese do not buy gold we foreign bankers cannot get silver for export." But this is not the true answer. On comparing the imports and exports of gold from the beginning of the European war up to the 15th of the present month we find:

Gold imported H. K. Tls. 27,911,712

" exported H. K. Tls. 22,072,005

Putting the balance approximately H. K. Taels 5,836,-766 against the import.

The large part of imports in 1914 also included the gold held by the foreigners. The volume of gold bought by Shanghai is approximately over Tls. 10,000,000. This will show that the exportation of silver is not due to the fact that Chinese buy gold.

One thing we Chinese are responsible for is that with silver exchange so high, all over the world, and as Shanghai is so much in need of money, with gold bought in Shanghai up to Tls. 10,000,000 we should not try to make profit on gold any more; and the mortgage on gold by the native bankers also amounts to a large sum. So stop investing money on gold mortgage, and do not buy gold. This will stop the export of silver naturally and this is our duty.

Commercial Notes

The Kawasaki Dockyard Company of Kobe has decided to raise its dividend rate for the past six months to 30 per cent per annum.

The bean oil mills in South Manchuria are enjoying unparalleled prosperity. The export to America from Dairen continues brisk. Last spring the price of bean cake was Yen 2.80; now it is Yen 4.30.

In the Tokyo Patents Bureau, judgment has been given in favor of plaintiffs in a case which the Eastman Kodak Company, of New York, brought against J. Kono, of Kobe, claiming invalidity of a trade-mark used by the latter.

Silk cocoons are arriving in great quantities in Shanghai. This year's crop is a particularly good one, and with a strong demand prices are running about \$55.00 per picul. The last reports from Japan are that the crop there will be fair. A boom in silk prices is looked for in Yokohama.

Latest advices from Japan are to the effect that Kobe will soon succeed Yokohama as the leading port of the Island Empire. Yokohama's principal export is raw silk, last year's export amounting to approximately 250,000,000 Yen. In all other lines Kobe's trade is much greater, and several leading Kobe firms are making serious bids to wrest part of the silk business from Yokohama, which has monopolized this trade for half a century. The N. Y. K. European steamers at present also are doing Kobe the honor of making it their final port of call instead of Yokohama as heretofore.

Japanese Industrial Activity in Manchuria.

The Government-General of Kwantung and the authorities of the Manchuria Railway Company are taking steps to develop industries in the railway zone, and especially in and about Dairen. They have been making investigations with special reference to the manufacture of oil from Manchurian beans and of soda from Kwantung salt, as well as the zinc and iron refining industries. With regard to the iron industry, the Manchuria Railway Company has already acquired the right of exploiting a Chinese mine, and it is expected that operations will be started before the end of the year. It is now reported that the authorities have nearly completed arrangements for undertaking the soda industry. What shape the project will assume is not yet definitely known, but it is said that it will be undertaken by the Dai Nippon Engyo Kaisha, which has the sole right of importing Kwantung salt into Japan proper, with the financial assistance of the Manchuria Railway Company, Messrs. Suzuki & Co., and the Mitsui Bussan Kaisha, while another report has it that a separate joint-stock company, with a capital of 10,000,000 Yen, will be established for the purpose.

The proposed enterprise will have the immense advantage over similar undertakings in Japan proper of getting supplies of Kwantung salt at less than 20 sen per 100 kin as against 63 sen paid at home. With this cheap supply of material it is believed that the new enterprise will be able to compete successfully with British and German rivals even after the conclusion of the war.

Apart from these official or semiofficial undertakings, there have of late been increased private projects for spinning and weaving in the zone of the South Manchuria Railway Company.

Kapok

Prominent in the list of exports from the Dutch East Indies to the United States, as reported by the American Consul at Batavia, is kapok, commonly called "tree cotton."

Imports of kapok into the United States in 1916 amounted to about five thousand tons, valued at \$1,154,172. This is at the rate of about \$230 per ton. Practically all of this kapok went from Java to the United States.

Commerce Reports for February 21, 1917, has the following on the subject of experiments with kapok in yarn production, which is copied from the *Textile Mercury*, Manchester, England:

"The kapok fiber is generally known as "silk cotton" for the obvious reason that it is a seed hair with marked silky luster. The external characteristics of kapok have attracted attention, and there have been many attempts to spin the fiber to a yarn. It is, however, somewhat brittle and wanting in elasticity, with the result that difficulties have been encountered. That some success has attended more recent efforts in this direction was evidenced a few months ago when Mr. C. F. Cross exhibited a sample of kapok yarn in the course of a lecture delivered by him on the subject before the Manchester Section of the Society of Dyers and Colorists.

"In addition to luster, kapok is recognized as a voluminous substance, and with a certain resilience, which are the evident factors of its use in upholstery as a stuffing and filling material. It also shows exceptional resistance to water, that is, to wetting. Upon the recognition of this aggregate quality has followed the important use of the fiber as a filling for the lifesaving appliances in use in the Navy and merchant services. Apart from these applications there are doubtless many others on which the special properties of the fiber could be utilized with advantage, more particularly when in the spun state. On these grounds it is well worth the close attention of spinners."

The British Civil Service Estimates.

In the British Civil Service Estimates for the year ending March 31, 1918, we note the following details of salaries in the diplomatic and consular services; China—Envoy Extraordinary and Minister Plenipotentiary, £5,000; Counsellor, £800; Chinese Secretary, £1,000; Commercial Attaché, £1,000 and £167 for rent; Chaplain, £200; Physician, £800 and £50 local allowance. Houses are provided in all the above cases except for Chaplain at Peking and Commercial Attachés, and are taken into account in another vote for rents, &c. Local allowances are not pensionable.

The total estimates for the Services in China (partly repayable from Indian revenues) are £78,962; The votes under the heading Shanghai "Court and Consulate-General" are as follows:—Judge, £1,800; Consul-General and Registrar of Shipping, £1,200, and £600 local allowance (not pensionable); Assistant Judge, £1,200 (including allowances of £100 as Judge of the High Court at Wei-hai-wei); Consul, £800; Crown Advocate, £600; Registrar, £635; Chief Clerk (Court), £428 including £100 allowance as Official Receiver in Bankruptcy (to be reconsidered this year); Assistant Clerk (Court), £200; Marshal (Court), £240; Usher (Court), £175. Total, £7,860,

The Share Market.

RUBBERS	Closing Quotations, Week End, June 18	Last Quotation, Fri., June 22	Business Done in Shares During Week		
			High	Low	Net Chg.
Anglo Javas	10.10	10.	10.05	10.	-.05
Batu Anam	1.10	1.10	1.10	1.10	—
Bukit	4.20	4.25	4.25	4.25	—
Chemor United	1.25	1.25	1.25	1.25	—
Dominion	11.	11.	11.	11.	—
Gulas	7 $\frac{1}{2}$	7 $\frac{1}{2}$	7 $\frac{1}{2}$	7 $\frac{1}{2}$	—
Java Consols	20 $\frac{1}{4}$ x d	20	20	20	—
Kamunting	6 $\frac{1}{4}$	6	6	6	—
Kota Bahroe	9 $\frac{1}{2}$	9	9 $\frac{1}{4}$	9	-.25
Padang	15.	15.	15.	15.	—
Permata	3.80	3.75	3.75	3.75	—
Repath	1.20	1.10	1.10	1.10	—
Sua Manggis	6 $\frac{1}{2}$	6 $\frac{1}{2}$	6 $\frac{1}{2}$	6 $\frac{1}{2}$	—
Tebong	2 $\frac{1}{2}$	20 $\frac{1}{4}$	20 $\frac{1}{4}$	20 $\frac{1}{4}$	—
Ziangbe	6	6	6	6	—
Pengkalans	10.%	10%	10%	10%	—

BANKS, INDUSTRIALS, INS. COTTONS, LANDS, ETC.

Langkats	15.50	16	16	15.75	+.25
Kung Yik	14.75	14.60	14.75	14.60	-.15
Telephones	80.50	80.50	80.50	80.50	—
New Eng. & S.B. Wks.	12.50	12.50	12.50	12.50	—

EXCHANGE

Bar Silver	39 $\frac{1}{2}$	39 $\frac{5}{8}$	39 $\frac{5}{8}$	39 $\frac{1}{2}$	+.9/16
T. T. on London	3 $\frac{1}{8}\frac{1}{4}$	3 $\frac{9}{4}$	3 $\frac{9}{4}$	3 $\frac{8}{3}$	+.1.25
Sov. Bnk. Buy. Rt. T.S	5.42	5.27	5.42	5.27	-.15
Gold & Bnk. Buy. Rt.	1.12	1.10	1.12	1.10	-.02
Mexican	72.63	72.55	73.05	72.05	-.1.00
Native Int.	.02	.05	.07	.02	-.05

LONDON RUBBER QUOTATIONS

Spot	2/9	2/8	2/9 $\frac{1}{2}$	2/8	—0/1 $\frac{1}{2}$
Forward	2/9 $\frac{1}{4}$	2/8 $\frac{1}{4}$	2/9 $\frac{1}{4}$	2/8 $\frac{1}{4}$	—0/1
Tendency	Steady	Weak			Steady to Weak.

Date	Langkat Oil Output	Tons.
June 14		82
June 18		81
June 19		83

CLOSING OF TRANSFER BOOKS & DIVIDENDS.

Share	Period	Dividend
Sua Manggis	27 June 4 July	Tls. 0.25
Ziangbe	23 June 28 June	Tls. 0.25
Padang	18 June 27 June	Tls. 1.25
Shai, Malay "Pref"	25 June 29 June	—8%—

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The Share Market.

This week has been very quiet, due to the rise in T. T. Exchange. Prices in Rubbers have remained firm, with very few transactions being quoted on the Exchange. The wires from England and America that cotton and all commodities are soaring to high prices has had little or no effect on the Shanghai market. Few transactions have been quoted in cottons, Kung Yik Cottons being the only one reported.

London Rubber, however, has fallen with the rise in Exchange, London Rubber prices depreciating spot (a penny farthing) and T. T. Exchange appreciating (a penny farthing); Langkats appreciating from Tls. 15.50 last week to Tls. 16 close of this week.

Considerable business was done in Telegraph Shares at 80.50.

At the Hotels

The following persons have registered at the Astor House Hotel during the week: J. H. Scott, Hongkong; R. D. Morrison, Hongkong; L. V. Borrer, Changsha; E. Kirkemo, Nagasaki; Miss Wan, F. S. C. Crew, Penang; A. F. Smith, Penang; A. Davidson, Chefoo; C. Cheng, Chefoo; Mr. and Mrs. Ding, New York City; Mr. and Mrs. E. J. Campbell, San Diego, Cal; Mr. Yoshida, Nanking; Mr. J. Steenstra, Sumatra; Mr. J. F. van Roadsroover, Java; Mr. F. Priebel, Sumatra; J. G. Pouw, Holland; M. K. Kooyes, Holland; F. B. Lyner, Peking; H. O. Stone, Chefoo; Captain Sinclair, S. S. Defroen; Captain Cook, Philippine Islands; A. M. Samuels, New York; E. S. Rendell, Tientsin; J. O. Riddle, Vladivostock; A. J. London, Vladivostock; S. Mitchell, Tientsin; G. D. Walker, U. S. A.; Mr. and Mrs. Lushout, R. M. Ross, Hankow; L. J. Mead, Chinkiang; L. Barrien, S. S. Kamo Maru; F. de Castelberg, S. S. Komo Maru; H. F. Guest, Vladivostock; C. B. Duffey, Chicago; W. E. Swift, Chicago; O. G. Malkow, Chicago; D. G. Billmore, Singapore; N. C. Tutbury, Singapore; Mr. and Mrs. van Stuyters, Java; F. L. Kallams, Hongkong; P. D. G. Gain, Singapore; Mrs. E. O. Moffett, J. H. Gordon, Philadelphia; Dr. E. van Raemdonck, Cincheng; E. Williams, Shanghai; J. R. Barrecklo, San Francisco; Dr. E. A. Salisburg, New York; H. H. Hortor, New York; E. A. Pritchard, Yunnan; Captain A. W. Cleary, U. S. Army; E. Schandedorf, Hawi; F. R. Bendleton, Boston; Mr. and Mrs. E. E. White, Mr. and Mrs. K. G. Pushman, Chicago; G. A. Dunlop.

The following persons are registered at Bickerton's Hotel: Miss M. L. Barbor; W. F. Beaman; R. A. Bell; L. M. Bell; Mrs. H. I. Black; Mrs. E. B. Blair; V. Dudell; Mrs. J. W. Chapman; Mrs. A. Cumming and child; Miss R. M. Elwin; F. G. Gheeting; Miss L. Gilbertson; Rev. and Mrs. A. Goddard and family; W. G. Goodfellow; Mrs. and Miss Hamlyn; Mrs. G. T. How; L. J. Hughes; W. O. Keats; G. Kiveron; Lacey; Theodore Leslie; Miss F. MacKenzie; J. Mantel; H. W. Marble; Miss H. O. Meldorf; Mrs. L. Moran; R. G. Murdoch; N. L. Napier; Mr. and Mrs. Park; Miss E. M. Parkhill; Alex. Paul; Miss C. V. Pearce; Miss Isabelle Phelps; Miss Grace Rand; G. A. L. Robb; Mrs. J. M. Robb; Miss M. Robinson; Mr. and Mrs. E. Rose and child; R. Rose; C. Schuller; Miss L. Sharp; Mrs. R. F. Sheel; Mr. and Mrs. Sweet; Miss I. M. Taylor; Hugh Water; Mr. and Mrs. B. J. Wheeler.

The following registered at the Palace Hotel this week, G. T. Marsh, San Francisco; Mr. and Mrs. E. A. Alabaster, Changchow; Captain H. Trowbridge, J. H. Weber, Mr. and Mrs. B. A. Hallifax, G. Zolsman, Rotterdam; J. Joosten, Rotterdam; A. Halvigne, Dairen; H. Orizand, Amsterdam; Dr. F. Eberson, Harbin; Mr. and Mrs. F. A. Gee and child, Wuhu; G. O. C. Sinclair, Hankow; R. D. Wood, Wai-hai-wai; S. H. Clarke, Hangchow; W. Downie, Japan; C. Heurer, Japan; N. A. Hearne, Yokohama; R. Z. Levi, Yokohama; Mrs. M. B. Jenkins, Peking; Dr. Tschaminsky, Vladivostock; Miss Chomlik Rosenfeld, Vladivostock; Captain George D. H. Wells, M. M. T. Abschar, T. T. Hallison, Mr. and Mrs. O. H. T. Gusten, Amoy; W. A. Railburn, Hongkong; Mr. and Mrs. W. E. Lanscher, Hongkong; A. J. Commiss, Hongkong; C. A. Ascar, Hongkong; L. Wancier, Dr. Legendri, J. Watson, Vancouver; Mr. and Mrs. W. R. Custis, New York; Mr. and Mrs. J. J. Kerrigan, New York; K. B. May, Nanking.

The following persons have registered at the Kalee Hotel during the week: Mrs. Gram Jensen, S. S. Loo, Tientsin; Mrs. R. C. Hamings and children, Miss Stanton Cook, H. Neal, Hankow; Mrs. E. S. Sheffield and child, Master Eugene Sheffield, Misses Margaret and Elizabeth Sheffield all of Hankow; M. G. Bachmetoff, Harbin; M. T. Bohkoff, Harbin; Mrs. T. N. Bobnoff, Harbin; A. N. Haltchenko, Harbin; Alexander McGregor Forbes, Kobe; Mrs. M. L. Tsar and child, S. Jergensen, Hankow; W. A. Chapman, Zamboanga, P. I.; L. Hansen, Woosung; P. Bauer, Hangchow; Charles A. Jefferson, New York.

U. S. Court for China— Administrative Jurisdiction

CIRCULARS

CONSULAR COURT RULES

Shanghai China, June 1, 1917.

To all American Consular Judges in China:

Gentlemen: Pursuant to inquiries relative to the above subject, I desire to call your attention to the following:

(1) Section 5 of the Act of June 30, 1906, creating this Court provides,

"That the procedure of the said Court shall be in accordance, so far as practicable, with the existing procedure prescribed for consular courts in China in accordance with the Revised Statutes of the United States: Provided, however, that the Judge of the said United States Court for China shall have authority from time to time to modify and supplement said rules of procedure."

A recent Departmental communication to the Minister states "that the Department is clearly of the opinion that Section 5 of the Act of June 30, 1906, should be construed as effecting a transfer of the authority to modify and supplement existing rules of procedure from the Minister to the United States Court for China."

(2) "The existing procedure" mentioned in the passage above quoted evidently includes both provisions of the Revised Statutes (such as section 4097,) which themselves prescribe rules of procedure, and regulations promulgated by the Minister in accordance with sections 4086, and 4117-4119 thereof.

(3) Of the latter, "Consular Court Regulations for China, General" appear to have been promulgated April 23, 1864 with supplements in 1881 and 1897.

(4) All of the foregoing appear to be reprinted in Hinckley's "American Consular Jurisdiction in the Orient" pp. 226-236; but this, of course, is not the official copy. Presumably it is correct and complete but in case a question is raised on that point the official copy would need to be resorted to and it would be safer to call upon the Legation or the Department for a certified copy of the original.

(5) It does not appear that this court has yet exercised its prerogative "to modify and supplement said rules of procedure." The undersigned has in mind, however, a thorough revision and amplification of the rules governing this court and is collecting material therefor. This would doubtless affect also the procedure of the Consular Courts and suggestions from the Consular Judges as to needed changes and improvements are invited. The undersigned has also called attention to the need of a literal compliance with section 4097 of the Revised Statutes and section 87 of said Consular Court Regulations for China by having the entire testimony of the witness, including questions and answers, taken down in writing. The transcript should contain a certificate that it so includes the whole of such testimony.

(6) Under the decision of the Court of Appeals in Biddle vs. U.S. 156 Federal Reporter, 759, treating as extended to China all applicable Acts of Congress regardless of the locality for which they were first intended, it seems probable that certain procedural provisions enacted by Congress for Alaska and the District

of Columbia are in force as to the Consular Courts just as they have been held to govern the United States Court. This is particularly true in probate and administration proceedings, concerning which the Consular Court Regulations above mentioned have little if anything to say. The Consular Judges ought, therefore, to familiarize themselves with these enactments of Congress on said subjects and follow the latest enactment provided it is applicable and suitable.

Faithfully yours,

CHARLES S. LOBINGIER,
Judge, U. S. Court for China.

ADMINISTRATION OF ESTATES.

March 15, 1913.

To American Consular Officers in China:

Gentlemen: I have the honor to invite your attention to the decision of this court in the matter of the Estate of James Winn, deceased, announced January 29, 1913, in which a construction is given of Section 2 of the Act of June 30, 1905, in connection with Sections 1709, 1710 and 1711 of the Revised Statutes of the United States, a copy of which said decision is attached hereto. The provisions of Sections 1709, 1710 and 1711 are set forth in the decision. Section 2 of the Act of June 30, 1906 is as follows:

"The consuls of the United States in the cities of China to which they are respectively accredited shall have the same jurisdiction as they now possess in civil cases where the sum or value of the property involved in the controversy does not exceed five hundred dollars United States money and in criminal cases where the punishment for the offense charged can not exceed by law one hundred dollars fine or sixty days' imprisonment, or both, and shall have power to arrest, examine, and discharge accused persons or commit them to the said court. From all final judgments of the consular court either party shall have the right of appeal to the United States Court for China: *Provided, also,* That appeal may be taken to the United States Court for China from any final judgment of the consular courts of the United States in Korea so long as the rights of extraterritoriality shall obtain in favor of the United States. The said United States court for China shall have and exercise supervisory control over the discharge by consuls and vice-consuls of the duties prescribed by the laws of the United States relating to the estates of decedents in China. Within sixty days after the death in China of any citizen of the United States, or any citizen of any territory belonging to the United States, the consul or vice-consul whose duty it becomes to take possession of the effects of such deceased person under the laws of the United States shall file with the clerk of said court a sworn inventory of such effects, and shall as additional effects come from time to time into his possession immediately file a supplemental inventory or inventories of the same. He shall also file with the clerk of said court within sixty days a schedule under oath of the debts of said decedent, so far as known, and a schedule or statement of all additional debts thereafter discovered. Such consul or vice-consul shall pay no claims against the estate without the written approval of the judge of said court, nor shall he make sale of any of the assets of said estate without first reporting the same to said judge and obtaining a written approval of said sale, and he shall likewise within ten days after any such sale report the fact of such sale to said court, and the amount derived therefrom. The said judge shall have power to require at any time reports from consuls or vice-consuls in respect of all their acts and doings relating to the estate of any such deceased person. The said court shall have power to require where it may be necessary a special bond for the faithful performance of his duty to be given by any consul or vice-consul into whose possession the estate of any such deceased citizen shall have come in such amount and with such sureties as may be deemed necessary, and for failure to give such bond when required, or for failure to properly perform his duties in the premises, the court may appoint some other person to take charge of said estate, such person having first given bond as aforesaid. A record shall be kept by the clerk of said court of all proceedings in respect of any such estate under the provisions hereof."

The decision referred to covers a construction of said statutes from which it appears,

(1) Consuls of the United States in China have probate jurisdiction in estates of American citizens deceased in China where the assets of the estate do not exceed five hundred dollars gold.

(2) Powers to administer estates of deceased Americans conferred on consuls in China, by Sections 1709, 1710 and 1711 of the Revised Statutes are merged in powers subsequently conferred when said consuls were clothed with full probate jurisdiction.

(3) From all final judgments in probate as in other civil cases parties in interest have the right of appeal to the United States Court for China.

(4) The United States Court for China is required to exercise supervisory powers over the discharge by consuls and vice-consuls of their duties relating to the estates of decedents in China.

Sec 2 Att of June 30, 1906.

(5) In the exercise of their probate jurisdiction consular officers are bound to comply with the provisions of Section 2 of said Act.

(6) The provisions of Sections 1709, 1710 and 1711 of the Revised Statutes are still binding upon the consuls so far as requiring executive acts not in conflict with the exercise of full probate jurisdiction.

The Court is advised that full compliance with the provisions of Section 2 have not heretofore been made by consular officers no doubt owing to confusion arising from a lack of clear interpretation of these several statutes. Special attention is invited to the provisions of said section and compliance therewith requested.

Very respectfully,

(Signed) RUFUS H. THAYER,
Judge.

The weekly report of the British Chamber of Commerce at Hankow states that the market remains dull, and that despite the great rise in exchange and heavy freight rates, tael prices for native products continue to rise and cargo generally, especially hides, is being held firm by the native dealers.

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New Books and Publications

America's Foreign Relations

America's Foreign Relations, by Willis Fletcher Johnson, A.M., L.H.D. New York: The Century Co. 2 vols. U.S. \$6.00 per set.

NOT since the Declaration of Independence was signed have the foreign relations of America been displayed in the limelight so strongly as they are at the present time, and a work like this comes with peculiar timeliness at this juncture when it seems that, almost against her wishes, America by the force of world events is gradually being swerved from her traditional point of view as regards "entangling foreign alliances." One turns to these volumes with genuine pleasure, the more so as, almost without exception, the author has adhered to the policy mentioned in the preface, of writing a "history." Very little comment appears and the little there is makes it clear that the author has not written with the object of pleading America's case before the world—a fault which almost all foreign writers commit under similar circumstances. Non-American readers, particularly, will read with great interest the following paragraph:

"We are of all nations probably the most self-centered and circumscribed. Our citizens have been gathered from all the world, but very few of them belong to all the world. We are the most cosmopolitan in material substance, but the least cosmopolitan in sympathy and in genius. The British nation, from which we are chiefly sprung, is often spoken of as "insular"; but its insularity is vastly and generously comprehensive in contrast to the bigoted parochial egotism of its genuine offspring. From this excess of adulatory introspection, this sometimes smug and sometimes hifalutin' self-complacency, and this lack of appreciative perspective and proportion in viewing other nations and their affairs, have arisen many of our domestic and most of our external ills."

In thirty-six carefully written chapters, Dr. Johnson relates the principal events that have marked the relations of America with other nations since the Fourth of July one hundred and forty-one years ago. In the opening chapter "Colonial Influences," we are told that "the United States of America was a political, social, religious, intellectual, and racial offspring of Great Britain and especially England. That is the fundamental fact in all its history, whether internal or external." Also that while today the American nation is perhaps the most composite under the sun, almost every tribe and people having contributed to its population, nevertheless the foundation was English and the framework remains English.

The chapter on the "The Monroe Doctrine" is of particular interest. The point is made in the first place that this fundamental principle of American foreign policy did not originate with President Monroe, he merely having proclaimed it to the world in his annual message to Congress in December, 1823; the principles had long been in existence, developing and strengthening, and had received expression from various men on various occasions. One part of the Doctrine was set forth in the following sentence in the Message: "The occasion has been judged proper for asserting, as a principle in which the rights and interests of the United States are

involved, that the American continents, by the free and independent condition which they have assumed and maintain, are henceforth not to be considered as subjects for future colonization by any European powers." Concerning this part of the Doctrine we read that it "was long ago rendered obsolete. Its purpose was accomplished in the occupation and settlement of all parts of the continents by the existing powers, leaving no room for such European colonization." The essential part of the Doctrine is the following: "We owe it, therefore, to candor and to the amicable relations existing between the Untited States and those powers to declare that we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety. With the existing colonies or dependencies of any European power we have not interfered and shall not interfere. But with the governments who have declared their independence and maintain it, and whose independence we have, on great consideration and on just principles, acknowledged, we could not view any interposition for the purpose of oppressing them or controlling in any other manner their destiny by any European power in any other light than as the manifestation of an unfriendly disposition toward the United States." Concerning this part of the Doctrine, Dr. Johnson says it "is as vital and essential to-day as it was when it was first enunciated, and it is to it that chief consideration is to be given . . . It pledges America not to meddle in European matters and warns Europe not to meddle in America. But the reference is solely to politics. There is no hint of prohibition of commercial, fiscal and other relations."

Our Japanese neighbors will read with particular interest Dr. Johnson's comment on the Doctrine as follows: "This is also to be particularly observed, that the doctrine did not and does not in any way apply to any other parts of the world than Europe and America, and perhaps to European and American colonies or possessions elsewhere. There was no mention of Asia, or Africa, or the islands of the sea. . . All other parts of the world were left open and free, for American as well as for European cultivation and—if need be—conquest. Accordingly the conquest and annexation of the Philippine Islands, three-quarters of a century later, was in no sense a violation of the doctrine."

A short, but interesting, chapter deals with the opening of Japan. Concerning Commodore Perry, we read that he "at once adopted toward the Japanese an attitude of what proved to be extraordinary diplomatic efficiency. The keynote of it was the unquestionable equality of the United States with Japan, and therefore the equality of the President with the Emperor. This invested his own mission, and indeed himself, with great dignity. Moreover, he was there not to ask favors, but to demand rights, and if need be, to take them by force."

The work of Anson Burlingame, a former Minister to China, in the establishing of cordial relations between China and America is set out in considerable detail; he is described as "one of the most worthy and most memorable figures in all the annals of American diplomacy in the Far East."

To the reader in this part of the world, the most interesting chapter is that entitled "Later Relations with

the Far East." We are told that "during the period of the Spanish War, American interests in China were gravely impaired and American treaty rights were flouted by various European powers, which seized with avidity upon the opportunity which they thought was then presented to them to get rid of the feared and hated American commercial rivalry in China and to partition that vast and opulent empire among themselves. . . Germany led the way. . . The powers had forgotten the Philippines; or had fatuously imagined that the United States would not venture upon the conquest of them. . . America at Manila was to be a counterpoise to Germany at Kiao-chau, Russia at Port Arthur, England at Wei-hai-wei and France at Kwangchau. It was not merely the conquest of the Philippines for which Dewey was sent to Manila on May day, 1898. It was for the opening and fastening open of the international door of equal rights and equal opportunities throughout the Chinese empire."

The Japanese land ownership dispute in California is treated sympathetically by the author. He says: "The sinister, sordid, and insincere campaign against the Japanese on the Pacific coast, continued, both secretly and openly, until it culminated again in 1914 in proposals for offensive discriminatory legislation. . . The view of the case taken by Japan was also taken by the President of the United States, Woodrow Wilson, who advised the California legislature to that effect, and urged the dropping of the offensive and discriminatory phrase "ineligible to citizenship" from the Assembly bill. The author takes leave of this subject in the following words: "The really essential feature in this latest California legislation was passed over with little notice, though thoughtful men saw in it the supreme issue which must one day be settled. The senate bill as at first proposed promised to protect all aliens in their treaty rights, and the bill as finally passed guaranteed to aliens all their existing treaty rights. Both these provisions in effect made the State of California the authority which was to safeguard aliens in their treaty rights and which was to enforce and execute the treaty obligations of the United States. A more egregious example of exalting the less above the greater—the State above the nation—has seldom been recorded in our history."

G. W. M.

An Outline History of China, by Herbert H. Gowen, D.D., F.R.G.S. Boston: Sherman, French & Co.

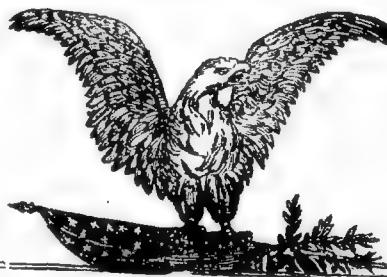
This is a new edition of a work already fairly well known. It is a handy little volume for the reader who wishes to get an idea of the essential facts in the history of this ancient land. Many books have already covered this field, but the author has undoubtedly condensed the salient facts into less space than any of his predecessors have. The events are brought down to the time of the death of Yuan Shih Kai, concerning whom the author says: "Years will be required to pass ere the true worth and character of Yuan Shih Kai can be appraised. Like the great Empress Dowager, he can be accused of acts which, according to western standards, are indefensible but which have more than the shadow of an excuse in the ancient halls of Peking. As in the case of his great predecessor, it is not easy as yet to tell whether his ability was, after all, constructive or destructive. . . Yuan Shih Kai is dead but we may hazard the belief that his fame will go down in history as the tragic glory of a second Mirabeau whose greatness calls for coming generations to recognize."

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Notice is hereby given that all persons going to the United States, or en route through the United States, or on vessels touching at American ports, should submit their passports to an American Diplomatic or Consular officer for verification) if American) or vice (if not American).

THOMAS SAMMONS

American Consul-General.

SHANGHAI, CHINA

JUNE 8, 1917.

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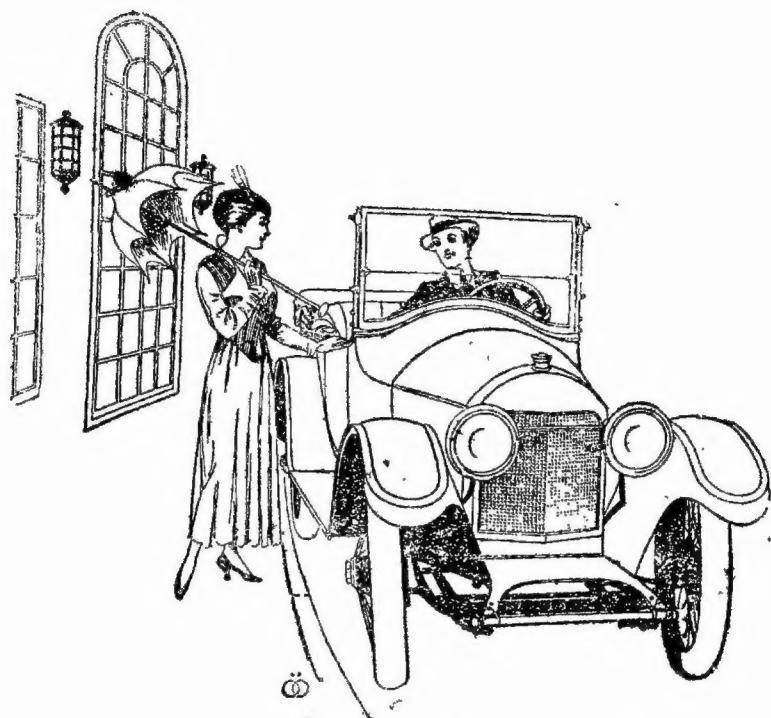
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